

UTAH COUNTIES INDEMNITY POOL

BOARD OF TRUSTEES MEETING

Thursday, July 17, 2014 12:30 p.m.

UCIP Offices, 10980 S. Jordan Gateway, South Jordan, UT

AGENDA

12:00 Lunch Provided

12:30 Call to Order

Bruce Adams

ITEM ACTION

1	Review/Excuse Board Members Absent	Bruce Adams
2	Review/Approve June 13, 2014 Meeting Minutes	Karla Johnson
3	Ratification and Approval of Payments and Credit Card Transactions	Karla Johnson
4	Review/Approve Amended Bylaws	Johnnie Miller
5	Review/Approve Application for Special Service Districts	Johnnie Miller
6	Review/Approve Amended Coverage Addendum	Johnnie Miller
7	Review/Approve Amendments to the Employee Manual/Schedule of Discretionary Benefits	Johnnie Miller
8	Review/Approve Date, Time and Location of the Annual Membership Meeting	Bruce Adams
9	Review/Approve Member Property Appraisal Cycle	Johnnie Miller
10	Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	Bruce Adams
11	Action on Personnel Matters	Bruce Adams
12	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	Bruce Adams
13	Action on Litigation Matters	David Blackwell

INFORMATION

14	Communications Strategy Report	Tom Betar
15	Chief Executive Officer's Report	Johnnie Miller
16	Other Business	Bruce Adams

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Notice Title:

Board of Trustees Meeting

Government Type:

Special Districts

Entity:

Utah Counties Indemnity Pool

Public Body Name:

Board of Trustees

Notice Subject:

Administrative Services

Notice Type:

Meeting

Street Address:

10980 S Jordan Gateway

Street Address continued:

City:

South Jordan

Zip:

84095

Start Date:

07/17/14 12:30 PM

End Date:

07/17/14 3:30 PM

Description / Agenda:

Call to Order

Review/Excuse Board Members Absent

Review/Approve June 13, 2014 Meeting Minutes

Ratification and Approval of Payments and Credit Card Transactions

Review/Approve Amended Bylaws

Review/Approve Application for Special Service Districts
Review/Approve Amended Coverage Addendum
Review/Approve Amendments to the Employee Manual/Schedule of Discretionary Benefits
Review/Approve Date, Time and Location of the Annual Membership Meeting
Review/Approve Member Property Appraisal Cycle
Set Date and Time for Closed Meeting
to Discuss Character, Professional Competence, Physical/Mental Health of an Individual
Action on Personnel Matters
Set Date and Time for Closed Meeting
to Discuss Pending or Reasonably Imminent Litigation
Action on Litigation Matters
Communications Strategy Report
Chief Executive Officer's Report
Other Business

ADA:

In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify Sonya White at the Utah Counties Indemnity Pool, PO Box 95730, South Jordan, UT 84095, or call 800-339-4070, at least three days prior to the meeting.

Electronic Participation:

Any Member of the Utah Counties Indemnity Pool Board of Trustees may participate telephonically.

Other:

Emergency Notice:

No

Send copy of notice to:

naclegal@mediaoneutah.com

Audio File Location:

Attachments:

There are attachments associated with this notice.

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**BOARD OF TRUSTEES' MEETING
MINUTES**

July 17, 2014, 12:30 p.m.

UCIP Offices
10980 S Jordan Gateway, South Jordan, UT

BOARD MEMBERS PRESENT

Bruce Adams, *President*, San Juan County Commissioner
Jim Eardley, *Vice President*, Washington County Commissioner
Karla Johnson, *Secretary/Treasurer* Kane County Clerk/Auditor
Alma Adams, Iron County Commissioner
David Blackwell, Emery County Attorney
William Cox, Rich County Commissioner
Brad Dee, Weber County Human Resources
Kerry Gibson, Weber County Commissioner
Bret Millburn, Davis County Commissioner
Mike Wilkins, Uintah County Clerk/Auditor
Mark Whitney, Beaver County Commissioner

**BOARD MEMBERS VIA
TELEPHONIC CONFERENCE**

Seth Oveson, Carbon County Clerk/Auditor

BOARD MEMBERS ABSENT

Alden Orme, Juab County Sheriff

OTHERS PRESENT

Adam Trupp, Utah Association of Counties Executive Director
Johnnie Miller, UCIP Chief Executive Officer
Sonya White, UCIP Chief Financial Officer
Tom Betar, UCIP Communications Specialist

Call to Order

Bruce Adams called this meeting, of the Utah Counties Indemnity Pool's Board of Trustees, to order at 12:30 p.m. on July 17, 2014 and welcomed those in attendance.

The Executive Director, Adam Trupp, of the Utah Association of Counties (UAC) met with the Board and explained that the new vision, focus and goals of the Association are to improve the relationship and partnership between UAC and UCIP. This includes bringing UCIP staff back into the UAC building. The goal is that both departments can consolidate efforts in serving counties.

Review/Excuse Board Members Absent

Mike Wilkins made a motion to excuse Alden Orme from this meeting. William Cox seconded the motion, which passed unanimously.

Review/Approve June 13, 2014 Meeting Minutes

The minutes of the Board of Trustees meeting held June 13, 2014, were previously sent to the Board Members for review (see attachment number one). Jim Eardley made a motion to approve the June 13, 2014 meeting minutes as written. Bret Millburn seconded the motion, which passed unanimously.

UTAH COUNTIES INDEMNITY POOL

PO Box 95730, South Jordan, UT 84095-0730
Phone (801)565-8500 ☎ Fax (801)568-0495 ☎ ucip.utah.gov

Ratification and Approval of Payments and Credit Card Transactions

The payments made, the payments to be made and the credit card transactions were reviewed by the Board (see attachment number two). David Blackwell made a motion to approve the payments made, the payments to be made and the credit card transactions as presented. Alma Adams seconded the motion, which passed unanimously.

Review/Approve Amended Bylaws

Pursuant to the Board's direction, at its June 2014 Strategic Planning Sessions, Johnnie Miller provided a summary of the decisions made in regards to the Joint Policy Statements of the Board (see attachment number three). William Cox made a motion to rescind the Joint Policies as presented. Kerry Gibson seconded the motion, which passed unanimously. The Policy Statement for *Insurance Coverage for Special Service Districts, Children's Justice Centers and Other Entities* was rescinded and amended language to the Bylaws was proposed (see attachment number four). Jim Eardley made a motion to approved amendments to Article 4.3 of the Bylaws, effective August 1, 2014, as presented. Mike Wilkins seconded the motion, which passed unanimously. Johnnie Miller also recommended updated language to Article 14 of the Bylaws for the completion of a conflict of interest disclosure for the Chief Financial Officer and any new Board Member. Karla Johnson made a motion to approve amendments to Article 14.6 of the Bylaws, effective August 1, 2014. Mark Whitney seconded the motion, which passed unanimously.

Review/Approve Application for Special Service Districts

With the approval of the amended Bylaws, Johnnie Miller provided the Board with a copy of a Membership Application that will be used to collect underwriting information from county sponsored entities (see attachment number five). Karla Johnson made a motion to approve the application for special service districts as provided. Mike Wilkins seconded the motion, which passed unanimously.

Review/Approve Amended Coverage Addendum

The Policy Statement for *Investigation, Settlement and Litigation of Claims* was rescinded and amended language, to the Coverage Addendum, was proposed by Johnnie Miller (see attachment number six). The Policy Statement for *Liability Insurance Methods for Purchase or Renewal* was rescinded and an endorsement to the Coverage Addendum was proposed by Johnnie Miller (see attachment number seven). Kerry Gibson made a motion to approve the changes to the Coverage Addendum as presented. David Blackwell seconded the motion, which passed unanimously.

Review/Approve Amendment to the Employee Manual/Schedule of Discretionary Benefits

Johnnie Miller recommended an amendment to the Schedule of Discretionary Benefits to clarify UCIP matching contributions to Individual Retirement Accounts (see attachment number eight). Mike Wilkins made a motion to approve the amended Employee Manual Schedule of Discretionary Benefits as recommended. Jim Eardley seconded the motion, which passed unanimously.

Review/Approve Date, Time and Location of the Annual Membership Meeting

Bruce Adams explained that the Utah Association of Counties (UAC) has provided the opportunity for UCIP to once again hold its Annual Membership Meeting in conjunction with the UAC Annual Convention. Jim Eardley made a motion to set the date, time and location of the UCIP Annual Membership Meeting for Thursday, November 13, 2014 at 5:30 p.m. at the Rib & Chop House in St. George, UT. Bret Millburn seconded the motion, which passed unanimously.

Review/Approve Member Property Appraisal Cycle

Johnnie Miller reviewed the options provided by HCA Asset Management for the appraisal process (see attachment number nine). The term of the agreement can be extended from a three year to a four or five year rotation. Johnnie recommended the five year option (each property would go through the appraisal process every five years) to lower the annual expense for the Pool. Jim Eardley made a motion to approve the term of the agreement with HCA to a five year rotation. Alma Adams seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Jim Eardley made a motion to strike agenda item: *Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual*. Bret Millburn seconded the motion, which passed unanimously.

Action on Personnel Matters

Jim Eardley made a motion to strike agenda item: *Action on Personnel Matters*. Bret Millburn seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

David Blackwell made a motion to strike agenda item: *Set Date and Time for a Closed Meeting to Discuss Pending or Reasonably Imminent Litigation*. Bret Millburn seconded the motion, which passed unanimously.

Action on Litigation Matters

David Blackwell made a motion to strike agenda item: *Action on Litigation Matters*. Bret Millburn seconded the motion, which passed unanimously.

Communications Strategy Report

Sonya White introduced Tom Betar, UCIP's Communications Specialist. Tom presented his strategies and goals for the membership and staff (see attachment number 10) that include: diversifying communications, encouraging open communication, ensuring broad reach, increased collaboration with partners, utilization of journalism skills, disseminating training information, personalizing staff, aid in embracing the digital age, and expanding UCIP's social media presence. Tom reported that he is following up on Karla Johnson's discussions with Chad Booth to have representatives of UCIP talk about the most successful Interlocal Agency created by counties on the TV program The County Seat. Mark Whitney will be appearing on The County Seat and will mention it to Chad.

Chief Executive Officer's Report

Johnnie Miller reported that the Carbon County Commission has provided UCIP with a resolution withdrawing their membership (see attachment number 11). Members of the Board will contact the Commissioners. Carbon County has until August 4 to rescind their notice. Johnnie provided the Board with a copy of his written response to Carbon County (see attachment number 12).

At its June 13 meeting, the Board approved an Upgrade to Green Endorsement adding additional coverage to the Coverage Addendum. County Reinsurance Limited approved the Board's desire to re-title the Endorsement. Johnnie Miller provided the Board with a copy of the Energy Efficiency Upgrade Endorsement (see attachment number 13).

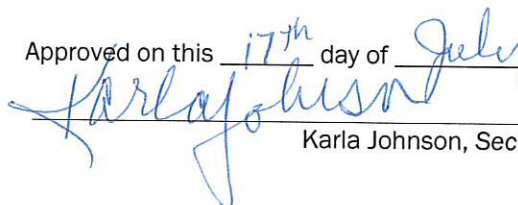
Johnnie Miller reported that his presentation to the Utah Association of Counties (UAC) Board of Directors went very well and he continues to meet with Adam Trupp, UAC Executive Director on the co-location and coordination and collaboration of efforts in serving counties and their elected officials and employees.

Johnnie provided the Board with the preliminary agenda for the AGRIP Fall Educational Forum, October 5-8, 2014 in Savannah, GA (see attachment number 14).

Other Business

The next meeting of the Board of Trustees will be held Thursday, August 21, 2014, 12:30 p.m. at the UCIP Offices, 10980 S. Jordan Gateway, South Jordan, UT.

Approved on this 17th day of July 2014


Karla Johnson, Secretary/Treasurer

Joint Policies of the UCIP Board of Trustees

Prior Board Joint Policy	Purpose of Policy	Action on Joint Policy
Board Attendance	Allows for Board to declare a Board position vacant after two consecutive unexcused absences.	Rescind as Bylaws (6.7) provide this authority to the Board.
Board Travel Expenses	Allowed for and provided guidelines for reimbursement of travel expensed to Board Members	Rescind as Bylaws (5.2) allows for reimbursement and provides guidelines for reimbursable expenses.
Board Member Responsibility	Requires Board Members to exercise responsibilities first to UCIP and secondarily to the counties they represent.	Rescind as the Bylaws (5.1(k)) require this of Trustees.
Code of Ethics	Provides a Code of Ethics, Conflict of Interest and Compliance with Laws Guidelines for Trustees and employees.	Rescind as this policy duplicates and/or conflicts with Conflict of Interest and Code of Ethics language in the Bylaws and Employee Manual adopted by the Board.
Conflict of Interest	Provides guidelines and prohibitions related to Conflicts of Interest for Board Members and CEO	Rescind as Bylaws (Article 14) provides guidelines and prohibitions related to Conflicts of Interest for Trustees and CEO
Conflicts of Interest of Attorneys Retained by the Pool	Provides guidelines and prohibitions on activities of legal counsel approved to the UCIP Defense Attorney List which are considered a conflict of interest	Rescind as Bylaws (Article 15) provides guidelines and prohibitions on activities of legal counsel approved to the UCIP Defense Attorney List which are considered a conflict of interest
County Driver Review	Provides recommendations to UCIP Members to establish policies related to employee use of vehicles as part of their duties including establishment of an Accident Review Board, MVR review program and recommended disciplinary actions.	Rescind and provide recommended best practices for employee use of vehicles as part of their duties in the UCIP Risk Management Manual.
County Vehicle Use	Encourages safe use of county vehicles, limits use of county vehicles, requires seatbelt use in vehicles, requires daily vehicle inspections, and discourages use of cellular phones while operating county vehicles.	Rescind and provide recommended best practices for county vehicle use in the UCIP Risk Management Manual.
County-Owned Vehicles Repaired Before Reporting the Loss	Provides that as of 7/1/1994 UCIP will deny claims for repairs to county-owned vehicles made prior to authorization of the UCIP Claims Manager.	Rescind the Coverage Addendum (Part II, G.5.a.) requires the Member to permit the Pool to inspect and appraise a damaged Auto before its repair for the loss to be covered.

County Representation to UCIP	Outlined requirements for Members to appoint specific employees to represent the Member in matters with the Pool including a Risk Manager, Safety Officer, Insurance Coordinator and Workers Compensation Coordinator.	Rescind as Bylaws (4.7(j)) obligates each Member to designate a Risk Management Coordinator to act as the Member's primary contact with the Pool.
Deductible on Auto Physical Damage Claims	Increased the deductible on Auto Physical Damage claims to \$1,000 effective 5/1/1995	Rescind as the Auto Physical Damage deductible is specified in the Coverage Addendum.
Insurance Coverage for SSD's, Children's Justice Centers, and Other Entities	Provided guidelines and limitations for Pool membership for districts and other entities.	Rescind and adopt revised guidelines per discussion at Board Strategic Meeting of June 2014 (sample language attached).
Investigation, Settlement and Litigation of Claims	Provide authority to UCIP to retain all rights of investigation, settlement and litigation of claims, and to deny claims settled by member without prior written approval of UCIP	Rescind policy and adopt change to Coverage Addendum language regarding investigation, settlement and litigation of claims which follows UCIP's procedures (sample language attached)
Investments	Provided guidelines and limitations on investment of UCIP funds	Rescind as the Board's policy regarding investment of UCIP funds has been adopted as an Addendum to the Bylaws.
Late Premium Payment	Provided for a Late Premium Payment interest charge of 2% above the Federal Prime Rate.	Rescind as Bylaws (4.7(a)) provides for payment of interest charge on late contribution and other payments.
Liability Insurance Methods for Purchase or Renewal	Provide defense of claims for failure to bid liability insurance	Rescind policy and include this coverage in the Coverage Addendum (sample language attached)
Member Equity Plan	Provides that surplus of the Pool is attributable to Members as equity, and that surplus will be used to 1)satisfy surplus requirements; 2)repay debentures; 3)distribute to Members at discretion of Board. Provides calculation of Member equity.	Rescind as Bylaws (7.5) provides for calculation of equity in accordance with Interlocal Agreement, and Board has adopted Net Asset Management Plan to guide use of surplus.
Payment of Claims in the Event that the Loss Fund is Exhausted in Any One Year in which the Amount of the Loss Fund is less than the Attachment Point of the Stop Loss Aggregate Policy	Limits the total liability of the Pool for all claims in any one year to the amount of the loss fund if less than the attachment point of the Stop Loss Aggregate reinsurance policy.	Rescind policy as UCIP has not had a Stop Loss Aggregate on its reinsurance policies after 2002. Total annual Pool limits are identified in the Coverage Addendum.
Purchasing	Outlines procedure for purchase of goods and services. Followed many of the provisions of the State procurement code as it was in force in the mid-90's.	Rescind and adopt an updated Purchasing Policy to regulate staff's procurement of goods and services, or include in CEO's authority provided by Board.

Recommended Personnel Advice	Urges Members to consult with UCIP Loss Control Manager prior to taking any significant personnel action that may result in a claim.	Rescind as UCIP currently encourages Members to use the Personnel Hotline for legal consultation related to personnel actions that may result in a claim.
Records Retention	Established categories of records and a Records Retention Policy in compliance with Government Records Access and Management Act (U.C.A 63G-2-701)	Rescind as statute requires that a policy is required only if you are not following the statute. UCIP has filed its records series schedule with State Archives.
Special Events Requirements	Provides recommendations on the use of county facilities by others. Includes requiring proof of insurance, minimum required insurance limits, use of waivers and indemnification agreements and prohibits serving of alcohol on county property.	Rescind and add required and recommended policies to Risk Management Manual as Bylaws (4.7 (g)) requires Members to follow loss reduction, loss prevention and risk management policies and procedures established by the Board.
Underinsured Motorist	Outlines coverage provided Members for Underinsured Motorist Coverage	Rescind as this the Coverage Addendum outlined coverage provided Members for Underinsured Motorist Coverage
Uninsured Motorist	Outlines coverage provided Members for Uninsured Motorist Coverage	Rescind as this the Coverage Addendum outlined coverage provided Members for Uninsured Motorist Coverage
Underwriting Requirements	Requires all Members to maintain several policies including Sexual Harassment, Personnel, High Speed Pursuit, Seat Belt Use, MVR Checks, and No Alcohol at County-owned facilities.	Rescind and add required and recommended policies to Risk Management Manual as Bylaws (4.7 (g)) requires Members to follow loss reduction, loss prevention and risk management policies and procedures established by the Board.
Use of Defense Counsel Prior to Notice of Claim	Provides for a structured program for members to receive legal assistance on issues that may precipitate a claim from UCIP approved attorneys at UCIP's expense.	Rescind as Legal Hotline Program has replaced the necessity of this policy with a simplified method for members to receive legal assistance. Consider adding language to Coverage Addendum for Legal Hotline services.

BYLAWS OF THE SIXTH AMENDED INTERLOCAL AGREEMENT OF THE UTAH COUNTIES INDEMNITY POOL

These Amended Bylaws are adopted by the Board of Trustees of the Utah Counties Indemnity Pool ("Pool") in accordance with the Interlocal Cooperation Agreement entered into by the Members of the Pool, each of which hereby agrees to abide by the terms and conditions of these Amended Bylaws and all actions taken pursuant hereto.

ARTICLE 1. Authority.

- 1.1 These Bylaws are amended pursuant to the provisions of the Amended Interlocal Cooperation Agreement.
- 1.2 These Bylaws may be amended and shall continue in effect until amended as provided herein.
- 1.3 The Pool shall have all powers necessary or desirable to achieve the purposes of the Pool as set forth in the Agreement and these Bylaws.

ARTICLE 2. Definitions.

As used in these Bylaws, the following terms shall have the meaning hereinafter set out:

- 2.1 **Agreement or Amended Agreement.** The Amended Interlocal Cooperation Agreement for Utah Counties Indemnity Pool.
- 2.2 **Board of Trustees or Board.** The Board of Trustees of the Utah Counties Indemnity Pool.
- 2.3 **Board Meeting.** A meeting of the Board of Trustees where a quorum is present and for which proper notice has been provided in accordance with Utah law.
- 2.4 **Bylaws or Amended Bylaws.** The Amended Bylaws of the Utah Counties Indemnity Pool.
- 2.5 **Code.** The Utah Code, including Utah Code Ann. Titles 11, 63G and 31A, as amended from time to time.
- 2.6 **County or Counties.** One or more of the twenty-nine counties of the State of Utah.
- 2.7 **Chief Executive Officer.** The person designated by the Board of Trustees as Chief Executive Officer of the Utah Counties Indemnity Pool.
- 2.8 **Member.** A county or county related entity that is a party to the Amended Interlocal Cooperation Agreement.

- 2.9 **Membership Meeting.** A meeting of the Members of the Utah Counties Indemnity Pool where a quorum is present and for which proper notice has been provided in accordance with the Agreement and Bylaws.
- 2.10 **Officer or Officers.** The President, Vice-President, or Secretary-Treasurer elected in accordance with these Amended Bylaws.
- 2.11 **Pool.** Utah Counties Indemnity Pool, an Interlocal entity.
- 2.12 **Representative.** The person designated pursuant to Article 4.7(b) to be a Member's official representative for the purposes of the Pool.
- 2.13 **Surplus.** The amount shown as Net Assets on the audited financial statements of the Pool.
- 2.14 **Trustee.** A natural person elected or appointed in accordance with the Agreement to a Trustee position on the Board.

ARTICLE 3. Purpose.

- 3.1 The Pool is formed, financed, organized, and shall operate in accordance with the Agreement and the provisions of these Bylaws.

ARTICLE 4. Members.

- 4.1 Membership in the Pool is limited to Utah counties and county related entities that properly enter into the Agreement.
- 4.2 Counties and county related entities, including former Members, may be admitted to the Pool after its formation only upon approval of the Board and subject to the conditions set out in the Agreement, these Bylaws and such additional conditions as the Board may from time to time require.
- ~~4.3 Member Counties may obtain coverage through UCIP for entities, other than Children's Justice Centers, affiliated with the Member county pursuant to the following:~~
- ~~(a) With regard to entities such as special service districts and other political subdivisions, the Member county must have the following controls over the entity through the Member county's governing body:~~
- ~~i. The governing body of the Member County must approve and/or appoint 50% or more of the governing body of the entity; and~~
- ~~ii. The governing body of the Member county must appropriate 50% or more of the funding of the entity; and~~

- iii. ~~The governing body of the Member County must have the authority to hire and terminate the employees of the entity.~~
- (b) ~~With regard to special districts created for the purpose of passing through Mineral Lease Payments received by the State under the Mineral Lands Leasing Act (30 U.S.C., Section 191), and allocated to the county, individual counties that have created these special service districts may cover such districts through UCIP provided the following conditions are met:~~
 - i. ~~The purpose of the special service district is to serve as a financial conveyance of the aforementioned mineral lease payments; and~~
 - ii. ~~Funds conveyed through the special service district are expenses of the special district and are made by an operating department of the Member County with oversight exercised by the Member County's governing body.~~
- (c) ~~County health departments and multi-county health departments are eligible for coverage, either through the Member County or as a separate, nonvoting member, provided the organization of the health department is established under Title 26A of the Utah Code.~~
- (d) ~~A Member county may obtain liability coverage for Children's Justice Center Local Advisory Board members who do not serve due to public office upon the following conditions:~~
 - i. ~~The Children's Justice Center is established under Chapter 5b of Title 67 of the Utah Code; and~~
 - ii. ~~The Member county is the contracting public agency under 67-5b-104(e) of the Utah Code; and~~
 - iii. ~~The Children's Justice Center Local Advisory Board member does not serve due to public office as provided for in 67-5b-105(1)(b) through (e); and~~
 - iv. ~~The Children's Justice Center Bylaws authorize the Member county to remove any Board member who does not serve due to public office as provided for in 67-5b-105(1)(b) through (e) at any time and for any reason; and~~
 - v. ~~The Member county has provided UCIP a copy of the duly adopted bylaws with the language specified in subsection (d)(iv), and UCIP has acknowledged receipt of the bylaws.~~

- ~~(e) Coverage through UCIP may be obtained for non-profit corporations (those exempt from taxation under Internal Revenue Code 26 U.S.C. 501); municipalities or other political subdivisions, that contract to provide services to the Member county, subject to the following criteria being met:~~
- ~~i. The contract is for the benefit of, and is executed under the authority of the Member County; and~~
 - ~~ii. The Member County is legally authorized to provide the service, function or facility which is the subject matter of the contract; and~~
 - ~~iii. The Member County is obligated by the contract to provide insurance coverage to the other party to the contract; and~~
 - ~~iv. A copy of the contract has been provided to the Pool.~~

4.3 County related entities may participate in UCIP either as a County Controlled Entity under the membership of a participating Member, or as a separate Member pursuant to the following:

- (a) To be eligible as a County Controlled Entity, a county related entity must:
- i. be approved by the participating Member County by resolution of the Member's governing body to share the coverages and limits provided to the Member by the Pool; and
 - ii. provide the Member County all information, assistance and cooperation for the Member County to meet the Member obligations enumerated in the UCIP Interlocal Agreement and Bylaws as if the County Controlled Entity were a department of the Member County.
- (b) To be eligible as a separate UCIP Member a county related entity must:
- i. have statutory authority to enter into an Interlocal Agreement;
 - ii. be able to meet the Member obligations enumerated in the UCIP Interlocal Agreement and Bylaws;
 - iii. be sponsored by a participating Member County by resolution of the Member's governing body; and
 - iv. provide services which are beneficial to the sponsoring Member County or county government generally.
- (c) In addition to the requirements of eligibility under 4.3 (a) and (b):
- i. A county related entity that is an Interlocal Agency must be organized and operated pursuant to Title 11, Chapter 13 of the Utah Code;
 - ii. A county related entity that is a Special Service District must be organized and operated pursuant to Title 17D, Chapter 1 of the Utah Code;
 - iii. A county related entity that is a Local Building Authority or Municipal Building Authority must be organized and operated pursuant to Title 17D, Chapter 2 of the Utah Code;
 - iv. A county related entity that is a Conservation District must be organized

- and operated pursuant to Title 17D, Chapter 3 of the Utah Code;
- v. A county related entity that is a Recreation Board must be organized and operated pursuant to Title 11, Chapter 2 of the Utah Code;
 - vi. A county related entity that is a Community Development or Renewal Agency must be organized and operated pursuant to Title 17C, Chapter 1 of the Utah Code;
 - vii. _____
 - viii. A county related entity that is a County Health District or multi-county Health District must be organized pursuant to Title 26A of the Utah Code;
 - ix. A county related entity that is a Children's Justice Center must be organized and operated pursuant to Title 67 Chapter 5b of the Utah Code;
 - x. A county related entity that is any form of district, board or authority created for the purpose of passing through Mineral Lease Payments received by the State under the Mineral Lands Leasing Act (30 U.S.C., Section 191), and allocated to the county, may participate as a County Controlled Entity provided:
 - 1. The purpose of the entity is to serve as a financial conveyance of the aforementioned mineral lease payments to the benefit of the Member County; and
 - 2. Funds conveyed through the entity are expenses of the entity and are made by an operating department of the Member County with oversight exercised by the Member County's governing body.
 - xi. The Utah Association of Counties is considered a county related entity and is eligible for membership.

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4.4 Members shall be classified as one of the following member types:

- (a) Equity Member; and
- (b) Non-equity Member.

Equity members shall be included in the calculation of equity as described in the Agreement and these Bylaws. Non-equity Members shall not be included in calculations of, nor shall they have any ownership interest in, the member equity of the pool.

4.5 Members shall also be classified as either:

- (a) Voting; or
- (b) Non-voting members.

Members which are counties shall be voting members. Members which are special service districts, health departments, Children's Justice Centers or non-profits as described under 4.3.e. shall be non-voting members.

4.6 Members shall meet at least once annually. A Membership Meeting may be called by the Board or President pursuant to a procedure to be established by the Board, or upon written request executed by at least 30 percent of the Members.

- (a) Notice of any Membership Meeting shall be mailed to each Member at least 15 days in advance.
- (b) The President, Vice President, or Secretary-Treasurer of the Board shall preside at the Membership Meeting or the President's designee if no other Officer is present at the meeting.
- (c) A majority of the Members shall constitute a quorum to do business.
- (d) Proxy voting shall not be allowed.
- (e) Each Member shall be entitled to one vote on each issue before the membership at any Membership Meeting, to be cast by its representative or alternative representative if the representative is unable to vote. The representative and alternative representative shall be designated by the Member in accordance with Article 4.7(b) of the Bylaws.
- (f) The location of Membership Meetings will be as determined from time to time by the Board.

4.7 Members shall have the obligation to:

- (a) Pay promptly all contributions and other payments to the Pool at such times and in such amounts as shall be established in accordance with these Bylaws. Annual contributions are due on or before the first day of January of the applicable fund year. Members making payments, or portions thereof, postmarked after January 31st shall be charged interest calculated at 2% above the Federal Prime Rate.
- (b) Designate in writing a representative and one or more alternate representatives for the Membership Meetings. Each representative and alternate representative must be an elected or appointed officer or employee of a Member and must be appointed by majority vote of the governing body or by the county executive or county mayor of the Member to be the Member's official representative for the purposes of the Pool. An alternate representative may exercise all the powers of a representative during a Membership Meeting, in the absence of the representative.
- (c) Allow the Pool, its Chief Executive Officer, agents, contractors, employees and officers reasonable access to all facilities and records of the Member as required for the administration of the Pool and implementation of the Agreement, the Bylaws and policies of the Board.

- (d) Cooperate fully with the Pool's attorneys, its Chief Executive Officer, and any other agent, contractor, employee or officer of the Pool in activities relating to the purposes and powers of the Pool.
- (e) Provide information requested by the Pool, its Chief Executive Officer, and any other agent, contractor, employee or officer of the Pool, as reasonably required for the administration of the Pool.
- (f) Allow the Pool, and attorneys and others designated by the Pool, to represent the Member in the investigation, settlement and litigation of any claim within the scope of loss protection furnished by or through the Pool and also to deny coverage for any claims settled by a Member or for any monies paid by a Member toward claims without the prior written approval of the Pool.
- (g) Follow the claims, loss reduction and prevention, and risk management policies and procedures established by the Board.
- (h) Report to the Pool, in the form and within the time required by the Board, all incidents or occurrences that could reasonably be expected to result in a covered claim to the Pool under the coverage agreement issued to the Member.
- (i) Report to the Pool, in the form and within the time required by the Board, the addition of new programs, facilities and exposures or the significant reduction or expansion of existing programs and facilities covered under the Coverage Addendum of these Bylaws.
- (j) Designate a Risk Management Coordinator who shall act as the Member's primary contact with the Pool.

ARTICLE 5. Board of Trustees.

5.1 The Board shall:

- (a) Perform all duties required by Utah law, the Agreement, and these Bylaws.
- (b) Obtain and provide to Members at least annually an audit of the finances of the Pool performed by an independent certified public accountant.
- (c) Provide for at least quarterly financial statements to account for income, expenses, assets and liabilities of the Pool.
- (d) Provide at least annually for an actuarial review of the Pool.
- (e) Adopt a budget annually and report the budget to the Members.
- (f) Require that fidelity bonds or appropriate insurance, in an amount to be determined by the Board, be in effect for employees of the Pool, and every other person having access to moneys of the Pool.

- (g) Appoint an Audit Committee to review the financial statements, actuarial analysis, make recommendations to the Board on the financial affairs of the Pool, and make an annual report to the members regarding the financial affairs of the Pool.
- (h) Appoint a Nominating Committee to solicit nominations for available elected Trustees positions. Any elected official of a Member or any Trustee may nominate eligible persons to run for available elected Trustee positions. Nominations will be received at the Pool office no later than 30 days prior to the meeting at which the election is scheduled. The Pool will verify that each nominee is willing to serve if elected before forwarding the nominations to the Nominating Committee. The Nominating Committee shall review the nominations and select by a majority vote not more than three names to be placed on the ballot for each available elected Trustee position. A person may not be nominated and placed on the ballot for more than one available elected Trustee position. In the event that no nominations are received for one or more available elected Trustee positions, the President of the Board of Trustees can solicit nominations from the floor on the following conditions:
 - i. The nominee is eligible to serve as a Trustee in accordance with Section 5 of the Agreement; and
 - ii. The nominee, if present, expresses a willingness to serve, or, if not present, the Pool has verified that the nominee has expressed a willingness to serve.
- (i) Adopt and maintain an investment policy as an addendum to these bylaws to state the manner in which funds of the Pool may be invested.
- (j) Adopt and maintain a Coverage Addendum as an addendum to these bylaws to state the manner ~~in~~ and extent to which Members will be indemnified from the assets of the Pool.
- (k) Exercise their responsibility to the Pool and Member counties in the following way:
 - i. First, to the mission of the Pool, to maintain financial and managerial integrity, and to serve all counties fairly;
 - ii. Second, to express the needs and concerns of the counties that Board Member represents.

5.2 Members of the Board of Trustees will be reimbursed for reasonable and approved expenses incurred in attending Board meetings and in otherwise carrying out their responsibilities. UCIP will reimburse Trustees for in-state travel by private vehicle at the rate allowed by the Internal Revenue Service at the time of travel, as well as for lodging and meals at actual cost, within the guidelines for travel and expense reimbursement adopted by the State of Utah Department of Finance. For Trustees attending out-of-state conferences and business meetings as approved by the Board UCIP will pay directly the

registration, airfare and lodging expenses for the dates of the conference or meeting and up to two travel days for Trustees arranging travel through the UCIP office. Trustees will be paid per diem for out-of-state meals and incidental expenses for each day of the training and travel day(s) pursuant to the rates published by the Office of Government Policy, General Services Administration. Trustees will also be compensated for necessary transportation expenses between the airport and lodging. Receipts for airfare, lodging and necessary transportation, paid by the Trustee, are required for reimbursement. A written statement by the Trustee will be required in place of a lost receipt. Reimbursement is made based on the least expensive reasonable method of travel. Expenses for spouses who accompany Trustees to UCIP meetings or to approved out-of-state training are the responsibility of the Trustee. UCIP will invoice Trustees for any spouse expenses paid by UCIP. However, there will be no charge for spouses attending business meals hosted by the Chief Executive Officer. Requests for reimbursement shall be submitted within 60 days of completion of a trip.

ARTICLE 6. Officers, Meetings, Procedures.

- 6.1 The principal offices of the Board shall be: president, vice-president and secretary-treasurer. The principal offices shall be held by three separate natural persons. Officers shall be elected by and from among the Trustees, at the first Board meeting following each annual meeting of the Members. The Board shall establish the powers and duties of each officer, consistent with these Bylaws, and the Agreement. All Members of the Board shall have full voting rights. The president shall preside over meetings of the Board and of the Members and shall perform such other duties as may be prescribed from time to time by the Board and the Members. The vice-president shall exercise the powers of the president in the absence of the president, and the secretary-treasurer shall exercise the powers of the president in the absence of the president and vice-president.
- 6.2 The Board shall fix the date, time and place of regular meetings that are scheduled in advance over the course of a year. Meetings may be called by the president, or by any five Members of the Board, by written notice mailed at least ten days in advance to all Trustees or by unanimously executed waiver of notice. Emergency meetings of the Board may be held to consider matters of an emergency or urgent nature, after an attempt has been made to notify all Board Members and a majority votes in the affirmative to hold the meeting. Notice, including public notice, of all meetings and the agenda shall comply with applicable laws of the State of Utah.
- 6.3 Seven Trustees shall constitute a quorum to do business. All actions of the Board shall require a quorum and a majority vote of the Trustees present, except where a different vote is required by these Bylaws.
- 6.4 The Board shall adopt such policies and procedures as it deems necessary or desirable for the conduct of its business.
- 6.5 Any or all Trustees may participate in any meeting of the Board by means of a conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Participation by such

means shall constitute presence at the meeting.

- 6.6 The Board shall establish its own rules of order that are not in conflict with the laws of the State of Utah, the Agreement, and other specific provisions of these Bylaws.
- 6.7 A Trustee's position may be declared vacant by official action of the Board of Trustees when the Trustee has accumulated two consecutive unexcused absences at duly called meetings for which the Trustee has received notification. Excused absences will be granted only with advance notice received by the UCIP offices or a member of the Board of Trustees prior to the Board meeting and approved by formal action of the Board.

ARTICLE 7. Financing.

- 7.1 All monies of the Pool, and earnings thereon, shall be held in the name of and for the use and benefit of the Pool.
- 7.2 The Board shall establish Member contributions pursuant to guidelines established by the Board from time to time.
- 7.3 Surplus of the Pool shall be attributable to the Members as equity. Equity in the Pool shall be used to satisfy the surplus requirements established by the Board and any applicable regulation, and next to repay any outstanding debentures after which refund of surplus in the form of dividends to Members may be considered. Any refund of surplus moneys shall be consistent with policies adopted by the Board.
- 7.4 Investments of monies of the Pool shall be limited to those investments permitted by the State Money Management Act, Utah Code Ann. §51-7-1 et seq. (2002), as amended.
- 7.5 Member equities in UCIP shall be calculated as follows:
 - (a) The ratio of each member's contributions to the total contributions shall be computed for each fund year.
 - (b) The member's contribution ratio shall be multiplied by the total surplus, (less any borrowed surplus), attributable to a fund year as stated in the most recent monthly financial statement. A member's total equity will be the sum of the yearly amounts for each fund year for which that member was a participating member in UCIP.
 - (c) In the event that the surplus amount is a negative number, a member's equity will be decreased using the same method of calculation as above.
 - (d) In the event of a termination of membership, the terminated member shall lose and have no claim to any equity in UCIP. The equity formerly attributed to that member for each fund year shall be allocated to the remaining counties who were members during that fund year.
 - (e) The Board of Trustees in its sole discretion shall determine if and when equity is distributed.

ARTICLE 8. Withdrawal and Termination.

- 8.1 Any Member may withdraw from a joint purchase program, or terminate its membership in the Pool in accordance with the Agreement.
- 8.2 Withdrawal or termination from the Property/Liability program shall be considered termination of membership.

ARTICLE 9. Involuntary Termination of Membership.

- 9.1 The Board shall terminate a Member that fails to pay a contribution due the Pool within sixty days of the due date, unless time for payment is extended by the Board and payment is made within the extended period. A notice of failure to pay a contribution due the Pool shall be mailed to the Member at least 30 days prior to the date of termination. Coverage and payment of claims shall terminate effective the first date for which the unpaid contribution was calculated for. If the unpaid contribution is additional contribution resulting from an audit, coverage and payment of claims shall terminate effective on a date calculated on a pro-rata basis of the unpaid contribution to the contribution paid for the audit period. A termination of membership under this paragraph shall not be subject to the provisions of Article 9.2.
- 9.2 Any membership in the Pool may be terminated by the Board or by a three-fourths vote of the Members for failure of the Member to carry out any other obligation of the Member, subject to the following:
 - (a) The Member shall receive written notice from the Board of the alleged failure and shall be given not less than 30 days in which to correct the alleged failure, along with notice that termination of membership could result if the failure is not corrected.
 - (b) The Member may request a hearing before the Board prior to the termination. The request shall be made in writing to the Board at least ten business days before the end of the period given by the Board to correct the alleged failure. The Board shall present the case for termination of membership at the hearing and the affected Member may present its case. A Board Member of the affected Member shall not be counted in determining a quorum or the number of votes required, nor shall the Board Member representative of such Member be entitled to vote on the termination.
 - (c) If a request for hearing is not received pursuant to Article 9.2(b) of the Bylaws and if the failure is not corrected within the time required by the Board's notice, or any extension of such time as the Board may grant, the Board may terminate the membership.
 - (d) The Board shall provide the Member at least ten days prior written notice of the time and place of any requested hearing, and the proposed termination of

membership may not take effect until such time after the conclusion of any hearing as the Board may set.

- 9.3 Termination of membership shall be in addition to any other remedy that may exist.
- 9.4 A Member shall lose all voting rights and any claim of title or interest to any asset of the Pool upon involuntary termination of its membership to the same extent as if the termination were voluntary. The coverage and payment of claims after the effective date of a Member's termination shall be consistent with the Agreement and these Bylaws.

ARTICLE 10. Dissolution and Disposition of Property.

- 10.1 The Pool may be dissolved by the Members as provided in the Agreement. In the event of voluntary dissolution of the Pool, the assets of the Pool not used or needed for the purposes of the Pool, including its contractual obligations, shall be distributed, as determined by the Board, only to Utah counties which are Members of the Pool at the time of dissolution. The Members of the Pool at the time the vote is held to dissolve the Pool shall continue to be considered Members of the Pool until the final disposition of property and dissolution of the Pool is complete.
- 10.2 Upon partial or complete dissolution of the Pool by the Members in accordance with the Agreement, the Trustees shall determine, consistent with these Bylaws, all other matters relating to the disposition of property and dissolution of the Pool by a two-thirds vote of all Trustees.
- 10.3 The Board shall serve as trustees for the disposition of property or funds, payment of obligations, dissolution and winding up of the affairs of the Pool. Any vacancy in the position of an elected Trustee after disposition of the Pool has begun may be filled by majority vote of the remaining Trustees until the next annual meeting of the Members, at which time the Members shall elect a person to fill the vacancy for the unexpired term.

ARTICLE 11. Liability of Board, Officers and Employees.

- 11.1 It is the intent of the Pool to provide the broadest possible immunity from personal liability to each Trustee, officer, and employee of the Pool allowed by applicable laws of the State of Utah including, but not limited to, the Governmental Immunity Act, the Corporations Code and the Insurance Code, as amended from time to time. The Pool shall defend and indemnify the Trustees, officers and employees of the Pool against any and all expense, including attorney fees and liability expenses, sustained by them or any of them in connection with any suit or suits which may be brought against them involving or pertaining to any of their acts or duties to the fullest extent allowed by the laws of the State of Utah. The Pool shall purchase liability or other appropriate insurance providing coverage for the Trustees, officers and employees of the Pool. Nothing herein shall be deemed to prevent compromises of any litigation where the compromise is deemed advisable in order to prevent greater expense or cost in the defense or prosecution of such litigation.

ARTICLE 12. Arbitration.

- 12.1 To the extent permitted by any applicable reinsurance or excess insurance, if the Board or its authorized representative and a Member disagree on whether a loss is covered through the Pool or on the amount of a covered loss, the Board or its authorized representative or the Member may request that the disagreement be submitted to binding arbitration as follows:
- (a) Unless otherwise agreed by the Board or its authorized representative and the Member, three persons shall be selected for the arbitration panel, one by the Board or its authorized representative, one by the Member, and one by the two so selected to act as umpire to decide the items upon which the other two disagree. If the two so selected fail for fifteen days to agree upon the umpire, the dispute of coverage shall be submitted to the American Arbitration Association for arbitration pursuant to their standard rules and regulations.
 - (b) The decision of the panel shall be binding on the Board or its authorized representative and the Member.
 - (c) The Pool shall pay the fees and expenses of the panelist selected by the Board or its authorized representative, the Member shall pay the fees and expenses of the panelist selected by it, and the fees and expenses of the umpire shall be shared equally by the Pool and the Member.

ARTICLE 13. General Provisions.

- 13.1 The laws of Utah shall govern the interpretation and performance of these Bylaws.
- 13.2 In the event that any portion of these Bylaws is held invalid or unenforceable, such invalidity or unenforceability shall not affect other portions, and these Bylaws are expressly declared to be severable.
- 13.3 These Bylaws do not relieve any Member of any obligation or responsibility imposed upon it by law except to the extent that actual and timely performance thereof by the Pool satisfies such obligation or responsibility.
- 13.4 All moneys received by the Pool are public funds, including earned interest, derived from its Members, which are counties and county related entities within the State of Utah.
- 13.5 It is the intention of the Members that the Pool and any income of the Pool not be subject to taxation. The Board and the Members shall cooperate in such respects, including amending these Bylaws, as reasonably necessary to establish and maintain the non-taxable status of the Pool.
- 13.6 Except as permitted in these Bylaws, the Agreement and amendments thereto, neither the Board nor any other person or entity is authorized to incur liabilities or obligations or enter into contracts on behalf of the Members.
- 13.7 In the event of the payment of any loss by the Pool under this Agreement, the Pool shall

be subrogated to the extent of such payments to all the rights of the Member against any other person or other entity legally responsible for damages for such loss, and in such event the Member agrees to render all reasonable assistance to effect recovery.

ARTICLE 14. Conflict of Interest and Disclosure.

- 14.1 Board Members and Chief Executive Officer shall not request, receive, or accept a gift or loan for themselves or another if:
- (a) It tends to influence the Board Members or Chief Executive Officer in the discharge of his or her official acts as a Board Member or Chief Executive Officer; or
 - (b) She/he within two years has been involved in any official act directly affecting the donor or lender or knows that he/she will be involved in any official act directly affecting the donor or lender in connection with his or her membership on the Board or as the Chief Executive Officer.
- 14.2 The prohibition set forth in Section 1 above shall not apply to:
- (a) An occasional nonpecuniary gift, insignificant in value; or
 - (b) An award publicly presented in recognition of public service; or
 - (c) A commercially reasonable loan made in the ordinary course of business by an institution authorized by the laws of the state to engage in the business of making loans; or
 - (d) A political campaign contribution, provided that such gift or loan is actually used in a political campaign and is subject to Utah law regarding such gift or loans.
- 14.3 Board Members shall disqualify themselves from participating in any official action of the Board that affects a business in which that Board Member has a financial interest as defined in Sections 67-16-8 and 67-16-9 Utah Code Annotated 1953 as amended.
- 14.4 Board Members shall not acquire a financial interest at a time when they believe or have reason to believe that it will be directly affected by their official action on the Board.
- 14.5 Board Members and the Chief Executive Officer shall not use or divulge to any person confidential information acquired by virtue of their membership on, or participation with, the Board for their or another's private gain. Confidential information for the purpose of this paragraph shall be defined as all information disclosed or discussed in any meeting of the Board which is confidential under law, statute or practice and which is otherwise not available to the public.
- 14.6 The Chief Executive Officer and Chief Financial Officer of the Pool and each Board Member shall complete a disclosure form provided by the Pool at the first meeting of the

Board during each fund year, or at the first meeting attended by a new CEO, CFO or Board Member. That completed form shall affirm the person's awareness of this bylaw requirement and either state that no described conflicts exist, or make all required disclosures.

- 14.7 The information on the disclosures, except for the valuations attributed to the reported interests, shall be made available by the Secretary of the Board for inspection by any UCIP Member county representative. The valuation shall be confidential for all purposes except for proceedings for violation of the disclosure requirement of these bylaws.

ARTICLE 15. Conflict of Interest of Defense Counsel.

- 15.1 Defense provided to Members by the Pool under the Bylaws Coverage Addendum shall be provided by attorneys listed on the UCIP Defense Attorney list recommended by the Litigation Management Committee and approved by the Board of Trustees.
- 15.2 Attorneys listed on the UCIP Defense Attorney list shall not represent any plaintiff in any civil action in which any defendant is a UCIP Member.
- 15.3 Attorneys employed by, or associated with law firms listed on the UCIP Defense Attorney List shall not represent any party in a civil action adverse to any person or entity covered by UCIP.
- 15.4 Attorneys employed by, or associated with, law firms listed on the UCIP Defense Attorney List shall not represent any defendant in a criminal action prosecuted by the County Attorney's Office of any Member County.
- 15.5 Conflicts as described above may be waived only after full disclosure to, and written agreement of, the involved Member and UCIP.

Dated this 19 day of December, 20134.

By: Bruce Adams

Print Name: Bruce Adams

Title: President

ATTEST:

By: Karl Johnson

Formatte

Print Name: Karla Johnson

Title: Secretary-Treasurer

Date: December 19, 2013

UTAH COUNTIES INDEMNITY POOL

MEMBERSHIP APPLICATION

Name of Sponsoring County:

Name of Entity:

Address:

City:

State:

ZIP Code:

Contact Name:

Phone Number:

Email:

Description of Operations:

Entity Operating Under Utah Code:

Date Created:

Total Building Values:

Total Contents Values:

Total Computer Equipment Values:

Total Mobile Equipment Values:

Total Miscellaneous Property Values:

Total Automobile Values:

Number of Licensed Vehicles:

Number of Full-Time Employees:

Total Annual Payroll:

Total Net Operating Expenditures:

ATTACH THE FOLLOWING SCHEDULES TO THIS APPLICATION

☐ Property

☐ Mobile Equipment

☐ Automobile

☐ Annual Budget

☐ 5-Year Loss History

☐ Current Insurance Certificate

NOTES

Additional underwriting information may be required. Membership requires approval of the UCIP Board of Trustees.

SIGNATURES

I affirm that the information provided on this form is true and accurate to the best of my knowledge.

Signature of Authorized Representative:

Date:

Submit to:

Sonya White, CFO
Utah Counties Indemnity Pool
PO Box 95730
South Jordan, UT 84095-0730
801.307.2113
sonya@ucip.utah.gov

- j. To any **Claim** arising out of a breach of contract.
- k. To medical or hospital expenses or costs incurred by the **Member** in providing or furnishing medical aid or treatment to an inmate or detainee at a jail or correctional facility as a result of the **Member's** statutory or constitutional obligation to furnish medical or hospital care to an inmate or detainee within its physical custody; this exclusion does not apply to **Claims** brought by an inmate alleging the **Member**, through the acts or omissions of its representatives or employees, caused injury to an inmate or violated his constitutional or civil rights by not providing medical care or treatment.
- l. **Employment Related Practices.**
- m. Any **Claim** made against a **Covered Party** in his or her personal capacity.
- n. **Mobile Equipment** while used in any professional or organized racing or demolition contest or stunting activity or while practicing for such contest or activity or being prepared for such contest or activity.
- o. **Property Damage** arising from **Land Subsidence**, except as sublimited in the Limit of Coverage Section below.
- p. **Bodily Injury, Personal Injury, or Property Damage** arising out of the rupture, bursting, over-topping, **Flooding**, cracking, seepage, under-seepage, **Accidental** discharge or partial or complete structural failure of an **Dam**, except as sublimited in the Limit of Coverage Section below.

4. Specific Conditions Liability Section

a. Defense, Judgment and Settlement

- (i) The **Pool** has the right and duty to defend any **Suit** against the **Covered Party** claiming **Money Damages** for which coverage is afforded under this **Agreement** for an **Occurrence**, even if any of the allegations of the **Suit** are groundless, false, or fraudulent, ~~and may make such investigation of any Occurrence and settlement of any Claim or Suit as it deems expedient. The Pool has the right to investigate any Claim or Suit but will not settle or compromise a Claim or Suit without the Member's knowledge and consent. If consent is refused and the Member elects to contest the Claim or Suit or continue legal proceedings, then the Pool's liability for the Claim or Suit will not exceed the amount for which the Claim or Suit could have been settled, plus loss adjustment expense~~

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incurred up to the date of the **Member's** refusal. No defense will be provided for **Claims** made against a **Covered Party** in his or her personal capacity. The **Pool** has the right to select counsel; however, a **Covered Party** may hire co-defense counsel, at **Covered Party's** expense, to assist in the defense of **Claims**, provided the attorney selected by the **Pool** shall be lead counsel. The **Pool's** duty to defend shall arise when the complaint or **Claim** alleges facts, which would obligate the **Pool** to indemnify the **Covered Party** if the alleged facts were proven. The **Pool** will only be responsible for payment of that portion of a settlement or judgment, which relates to **Claims** for which coverage is afforded under the terms of this **Agreement**. Provided, however, the **Pool** shall not be obligated to pay any settlement or judgment or to defend any **Suit** after the applicable Limits of Coverage have been exhausted.

- (ii) The Limits of Coverage set forth in the General and Auto Liability Sections shall include all costs, attorney's fees and expenses awarded to an adverse party in a litigated or contested **Claim**. All costs, attorney's fees and expenses incurred in the defense of a litigated or contested **Claim**, shall be excess of the limits of coverage set forth.
- (iii) In the event of bankruptcy or insolvency of the **Member**, such bankruptcy or insolvency may not diminish the coverage provided by this Section regarding third parties. If execution against the **Member** is returned unsatisfied, an action may be maintained against the **Pool** to the extent that the liability is covered by this Section.

5. Limits of Coverage

- a. The Limits of Coverage of this **Agreement** and the rules below fix the most the **Pool** will pay regardless of the number of:
 - (i) **Covered Parties**;
 - (ii) **Claims** made or **Suits** brought; or
 - (iii) Persons or organizations making **Claims** or bringing **Suits**.
- b. The **Pool's** obligation to indemnify is first limited by the Governmental Immunity Act of Utah U.C.A. §63G-7-604. Nothing in this Coverage **Addendum** is meant to waive the rights or immunities of any **Member** or the **Pool** provided by the Act. Liability limits provided in excess of the limitations set out in the Act are provided solely for **Claims** not limited by the Act, including

Utah Counties Indemnity Pool

FAILURE TO BID LIABILITY INSURANCE ENDORSEMENT

This endorsement attaches to and forms part of **Addendum** No. UCIP-14.100, Part VII, B. Public Officials Liability Coverage Section.

Notwithstanding the exclusion of claims for declaratory or injunctive relief under Part III General Coverage Exclusions, Section E, and the requirement for Money Damages under the definition of "Suit", UCIP will provide a defense for any claim or regulatory proceeding arising against a Member alleging a violation of U.C.A 63G-7-804 for failure to bid liability insurance resulting from the Member's participation in the Pool which does not provide liability insurance, and whose coverage does not expire or renew. This defense coverage does not apply to claims alleging failure to bid insurance when the Member has provided UCIP with a Notice of Termination. Defense expenses under this endorsement are limited to \$250,000 per claim.

Subject otherwise to all terms, clauses and conditions of this **Addendum**.

SCHEDULE OF UCIP DISCRETIONARY BENEFITS

UCIP will provide the benefits outlined in the UCIP Employee Manual at the rates and under the terms and conditions described within this Schedule of UCIP Discretionary Benefits. All benefits described may be amended from time to time by action of the UCIP Board of Trustees, at their sole discretion.

Retirement Account Contributions

Pension Plan. UCIP pays the required employer retirement contributions as certified annually into the Local Governmental Public Employees' Noncontributory Retirement System administered by the Utah Retirement Systems for the plan that the employee is eligible.

Individual Retirement Accounts. ~~UCIP will provide each employee the option to participate in either or both a 401k plan administered by the Utah Retirement Systems and a 457 plan administered by Nationwide Insurance through the National Association of Counties. UCIP contributes an amount equal to the amount contributed by the employee from the employee's payroll into the 401k plan and/or the 457 plan at the employee's discretion. The total UCIP contribution to the URS 401k Plan and the Nationwide 457 Plan shall not exceed 5% of the employee's eligible payroll. Employees who contribute into individual retirement accounts through payroll deduction will receive matching contributions from UCIP. All matching contributions will be deposited into the URS 401k Plan and/or the Nationwide 457 Plan at the employee's discretion. The total UCIP matching contributions shall not exceed five percent of the employee's eligible payroll.~~

Health Insurance

For the UCIP sponsored group health insurance coverage, UCIP pays 90% of the monthly premiums for employee coverage and 90% of the monthly premiums for the employee's spouse and eligible dependents coverage. The employee is responsible for all deductibles and co-payments.

Dental and Optical Insurance

For the UCIP sponsored group dental and optical insurance coverage, UCIP pays 90% of the monthly premiums for employee coverage and 90% of the monthly premiums for the employee's spouse and eligible dependents coverage. The employee is responsible for all deductibles and co-payments.

Long Term Disability

In compliance with Utah Code §49-21-101 et. seq. as amended, Public Employees Long Term Disability Act, UCIP shall pay 100% of contributions to the fund created under the Act for all eligible Tier 1 employees, to provide benefits as provided for in the Act.

Health Reimbursement Program

UCIP will deposit \$41.70 each full calendar month worked up to a maximum of \$500 annually into a Health Reimbursement Account (HRA) for each employee. Employees may be reimbursed from their account for the cost of an eligible expense. An eligible expense is

From: Doug Perry [<mailto:doug@uacnet.org>]

Sent: Wednesday, July 02, 2014 5:00 PM

To: Sonya White

Subject: UCIP Member Meeting

Hi Sonya,

Just spoke with Adam about the UCIP membership meeting. He says he doesn't think it would be a problem to schedule it after convention hours but doesn't want to adjust the affiliate schedules to do it, so you could do it Tuesday, Thursday night (after 5 pm) or Friday between say 2 and 5:30 pm.

Would be great if you guys were able to pull it together that way, so as to save the officials scheduling it in December, but understand if you need more time than that.

Doug Perry
Communications Director
Utah Association of Counties
(801) 265-1331

[Website](#) - [Facebook](#) - [Twitter](#)

"The unifying voice for county government"

May 8, 2014



Mr. Johnnie R. Miller, CEO
Utah Counties Indemnity Pool
10980 South Jordan Gateway
South Jordan, Utah 84095

Dear Mr. Miller:

It has been a pleasure working with you over the last two years, and we look forward to completing the third phase of our appraisal agreement in the upcoming months. Pursuant to our discussions last month, the purpose of this letter is to offer UCIP cost-effective options for extending the initial agreement, and providing ongoing property appraisal for your members in future 3- 4- or 5-year cycles. I have prepared options to this effect below, and welcome any questions or comments upon completion of your review.

This letter is intended to extend our original agreement, dated 6/26/2012, in accordance with Paragraph 17.8 Amendments, as follows:

- **Paragraph 2 – TERM.** We hereby propose an extension of the term by one of the three following options
 - **Three Years (December 31, 2017); OR**
 - **Four Years (December 31, 2018); OR**
 - **Five Years (December 31, 2019).**
- **Paragraph 8.1 – Fees.** We hereby propose three (3) options, as follows:
 - **Three Year Rotation - OR**
 - **8.1.1 Base Appraisal - \$130/Building**
 - **8.1.2 Additional Buildings - \$130/Building**
 - **8.1.3 Historic Structure Surcharge - \$500/Structure**
 - **Four Year Rotation - OR**
 - **8.1.1 Base Appraisal - \$145/Building**
 - **8.1.2 Additional Buildings - \$145/Building**
 - **8.1.3 Historic Structure Surcharge - \$500/Structure**
 - **Five Year Rotation**
 - **8.1.1 Base Appraisal - \$160/Building**
 - **8.1.2 Additional Buildings - \$160/Building**
 - **8.1.3 Historic Structure Surcharge - \$500/Structure**

I have attached a related Excel file with (3) individual worksheets outlining the details of the various options summarized above. The initial agreement called for a three-year implementation at a flat rate of \$145/building. As we are beginning our third year of implementation now, an exact building count by member for the last phase is unknown; however, the estimates provided should be close enough (likely 5% deviation in either direction). Thus, we're estimating a total number of buildings subject to appraisals of

roughly 1,398. This revised number reflects the removal of Cache and Tooele Counties from your program.

The options presented include extending the agreement for the next three, four or five years, creating new cycles which look like the following:

Option 1 – Three-year Cycle (commencing in 2015):

- Total estimated Buildings = 1,398
- Discounted rate per Building = \$130
- Total base investment for 3 years = \$181,740
- Estimated annual investment (base) = \$60,600/year
- Estimated annual investment (w/contingencies) = say \$62,000 - \$67,000/year
 - Note: Contingencies include a) allowance for new member buildings added throughout cycle; and b) Historic Building surcharges not included above.

Option 2 – Four-year Cycle (commencing in 2015):

- Total estimated Buildings = 1,398
- Discounted rate per Building = \$145
- Total base investment for 4 years = \$202,710
- Estimated annual investment (base) = \$50,700/year
- Estimated annual investment (w/contingencies) = say \$52,000 - \$57,000/year
 - Note: Contingencies include a) allowance for new member buildings added throughout cycle; and b) Historic Building surcharges not included above.

Option 3 – Five-year Cycle (commencing in 2015):

- Total estimated Buildings = 1,398
- Discounted rate per Building = \$160
- Total base investment for 5 years = \$223,700
- Estimated annual investment (base) = \$44,800/year
- Estimated annual investment (w/contingencies) = say \$45,000 - \$50,000/year
 - Note: Contingencies include a) allowance for new member buildings added throughout cycle; and b) Historic Building surcharges not included above.

The attached worksheets include member assignments to the various years which attempted to smooth out the future years into relatively equal investments, AND keep them in approximately the same order as the original implementation. These assignments reflect our initial attempts and are, of course, subject to your review and approval.

QUALITY SOLUTIONS • TIMELY DELIVERY



Mr. Johnnie R. Miller, CEO
Utah Counties Indemnity Pool



May 8, 2014
Page 3 of 3

We greatly appreciate the level of commitment and confidence shown by UCIP in these first few years of our association with your pool, and truly look forward to working with you in future years in an effort to maintain accurate and up-to-date property values for UCIP. Please do not hesitate to contact me with any questions or comments.

Should you elect to pursue one of the above options, please advise which one you desire and I'll re-draft this correspondence to reflect that option in a form which can be executed by both parties.

Best regards, Mark

A handwritten signature in dark ink, appearing to read "Mark T. Hessel", is positioned above a horizontal line.

Mark T. Hessel, Vice President

May 8, 2014
Date

QUALITY SOLUTIONS • TIMELY DELIVERY



2012	Buildings	2013	Buildings	2014	Buildings
CACHE COUNTY	43	Beaver County	28	Box Elder County	49
CARBON COUNTY	106	Davis County	65	Daggett County	30
GARFIELD COUNTY	26	Emery County	97	Duchesne County	61
MORGAN COUNTY	42	Iron County	56	Piute County	10
RICH COUNTY	9	Juab County	44	San Juan County	71
TOOELE COUNTY	226	Kane County	38	Sanpete County	36
UTAH COUNTY	144	Millard County	98	Sevier County	35
WASATCH COUNTY	44	SW Utah Health Dept.	4	Uintah County	61
WEBER-MORGAN HEALTH DEPT	4	Washington County	96	Central Utah Public Health	1
WEBER COUNTY	109	Wayne County	22	SE Utah District Health	7
		Wash. Co. / St. George Interlocal	2	TriCounty Health	3
	753		550		364
	Actual		Actual		1,667
					\$241,715

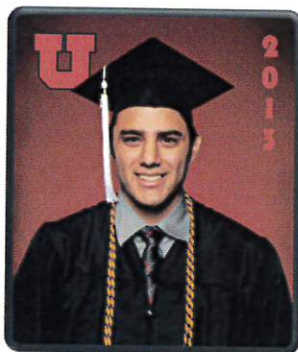
PROPOSED 3-year 2015	Buildings	2016	Buildings	2017	Buildings
CACHE COUNTY	GONE	Beaver County	28	Box Elder County	49
CARBON COUNTY	106	Davis County	65	Daggett County	30
GARFIELD COUNTY	26	Iron County	56	Duchesne County	61
MORGAN COUNTY	42	Juab County	44	Piute County	10
RICH COUNTY	9	Kane County	38	San Juan County	71
TOOELE COUNTY	GONE	Millard County	98	Sanpete County	36
UTAH COUNTY	144	SW Utah Health Dept.	4	Sevier County	35
WASATCH COUNTY	44	Wayne County	22	Uintah County	61
WEBER-MORGAN HEALTH DEPT	4	Wash. Co. / St. George Interlocal	2	Central Utah Public Health	1
WEBER COUNTY	109	Washington County	96	SE Utah District Health	7
				TriCounty Health	3
				Emery County	97
	484		453		1,398
	Est		Est		466
	\$62,920		\$58,890		\$181,740
2015 est. Fee		2016 est. Fee		2017 est. Fee	\$60,580.00
					\$59,930

UCIP Communication Strategy and Goals

"The medium is the message."
–Marshall McLuhan

Introduction

Bachelor's Degree in Mass
Communication from U of U



Raised in St. George



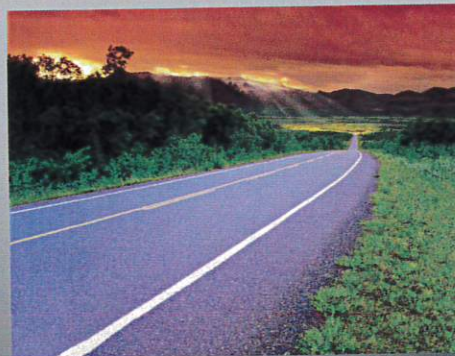
Interests: writing, basketball (Jazz),
snowboarding, hiking

Diversify Communications

- ▶ McLuhan proposed that the medium itself can often be more important or influential than the content it carries.
- ▶ Communicate to our members using the appropriate medium that will achieve the desired results
 - Mass Email (Event invites, announcing new website features)
 - Social media (Quick updates, links to full articles)
 - Sections in UAC/USC newsletters
 - Print (Annual Report)
 - Website Updates/Articles

Encourage open communication

- ▶ Provide members the necessary tools to effectively communicate with UCIP reciprocally
- ▶ Increase the use of surveys and analytics to gather and analyze feedback



Ensure Broad Reach

- ▶ Reaffirm the need and benefit of UCIP to all county staff and elected officials
- ▶ Create active participation from county officials and staff in utilizing and developing UCIP resources. (UCIP as county department)
- ▶ Bring UCIP to the forefront of their minds as the automatic first option
- ▶ Assist UAC in their efforts to communicate county issues to general constituents by providing risk management expertise

Increase Collaboration with Partners

- ▶ Work more closely with UAC, USC and WCF to disseminate important information (trainings, safety protocol) to members.
- ▶ Met with Doug Perry and Sadee Pistoia to discuss ways to collaborate
- ▶ Write articles to be included in UAC, USC newsletters



Utilize Journalism Skills

- ▶ Proofread and copy edit all communications to maintain professionalism and accuracy
- ▶ Write original articles, press releases and feature profiles by conducting interviews in the community and over the phone
- ▶ Research and investigate issues affecting UCIP, counties and the state of Utah
- ▶ Synthesize complex information (policy changes/upgrades) to make it more easily understood

Disseminate Training information

- ▶ Ensure that our members are kept updated on all relevant upcoming trainings from UCIP, UAC, USC, WCF, NETS and LTAP
- ▶ Updated calendar with trainings

Events for September 2014 - Workers Compensation Fund Trainings

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
1	2	3	4	5	6	7
			Start Practices in Safety Act 218 Standard (10 day)			
8	9	10	11	12	13	14
		Preventing Overhead Work, Trips and Falls Safety Management 101	Workplace Injuries and Injury Prevention			
15	16	17	18	19	20	21
		Drugs and Alcohol in the Workplace	Incident Investigation			
22	23	24	25	26	27	28
		Ergonomics Individual Ergonomics	Confined Space Safety	Drug Free Workplace - Prevention & Drug Free - Enforcement		

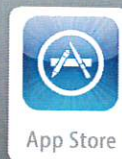
Personalize Staff

- ▶ New heads shots
- ▶ Photos of staff “out and about” in Utah counties
- ▶ Expand staff bios
- ▶ Focus on “human element” of staff—Doug Perry indicated this is a good way to build engagement and rapport with audience



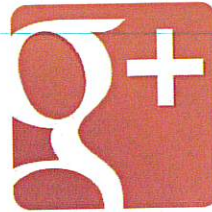
Embrace the Digital Age

- ▶ Development of an App for tablets (iPad) and smartphones
- ▶ Workshop/Training videos edited and easily accessible online
- ▶ Electronic newsletter/combine with UAC
- ▶ Electronic surveys/feedback
- ▶ Podcasts
- ▶ Live streaming of trainings to YouTube
- ▶ Live chat



Expand Social Media Presence

- ▶ Twitter
 - Initial followers: 29
 - Goal: 100+
- ▶ Facebook
 - Initial Page likes: 74
 - Goal: 200+
- ▶ Google+
 - Created Google+ profile
- ▶ LinkedIn
 - Created Company LinkedIn profile



RESOLUTION NO. 2014-04

**A RESOLUTION OF THE CARBON COUNTY, UTAH BOARD OF
COMMISSIONERS WITHDRAWING THE MEMBERSHIP OF CARBON
COUNTY FROM THE UTAH COUNTIES INDEMNITY POOL**

WHEREAS, Carbon County is a member of the Utah Counties Indemnify Pool (UCIP), and is presently insured by and through UCIP Policy No. 10.100-4; and

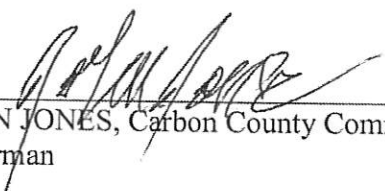
WHEREAS, Carbon County entered into that certain Sixth Amended Interlocal Cooperation Agreement with the other members of the Utah Counties Indemnity Pool on or about December 18, 2013; and

WHEREAS, the Sixth Amended Interlocal Cooperation Agreement allows members of UCIP to terminate their membership pursuant to the terms of the Agreement;

WHEREAS, Carbon County desires to terminate its membership with UCIP effective as of the end of UCIP's present fiscal year; and

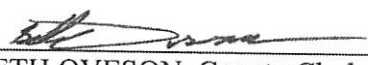
NOW THEREFORE, IT IS RESOLVED by the Board of Carbon County Commissioners that it intends to terminate its membership in the Utah Counties Indemnity Pool at the end of the Pool's present fiscal year, pursuant to and as allowed by Section 11, Paragraph 2 of the Sixth Amended Interlocal Cooperation Agreement by and between the members of the Utah Counties Indemnity Pool. This decision shall be a final decision unless the notice is rescinded by this Board at least 150 days prior to the intended date of termination.

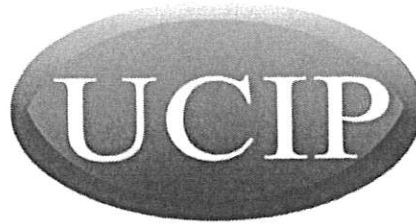
ADOPTED and ordered PUBLISHED this 18th day of June, 2014.


JOHN JONES, Carbon County Commission
Chairman

John Jones voted:	<input checked="" type="checkbox"/> yea	<input type="checkbox"/> nay
Jae Potter voted:	<input checked="" type="checkbox"/> yea	<input type="checkbox"/> nay
Casey Hopes voted:	<input checked="" type="checkbox"/> yea	<input type="checkbox"/> nay

ATTEST:


SETH OVESON, County Clerk
Auditor



Mr. Seth Oveson
Carbon County Clerk/Auditor
120 East Main
Price, UT 84501

Dear Mr. Oveson,

I am in receipt of your written notice that the Carbon County Commission took action to terminate membership with the Utah Counties Indemnity Pool effective December 31, 2014. While I am disappointed Carbon County has chosen not to continue its involvement with other counties in protecting county assets through membership in UCIP, I will do what I can to make the transition from membership as smooth as possible for the county.

One item that has been problematic for counties in this process in the past is securing coverage for claims that occur prior to your termination, for which you receive notice of claim after your termination. All liability coverage provided by UCIP is provided on a claims made basis. UCIP will cover only those claims brought against the county prior to your termination. A claim is brought against the county when the county first receives a valid Notice of Claim under the provisions of the Governmental Immunity Act for Utah State claims, or when a suit is filed in court for claims in any other state or in federal court. If you are transitioning to a carrier with occurrence based liability coverage, you will want to be certain to secure additional policies providing claims made coverage with prior acts coverage to cover claims that occurred prior to your termination which may be filed after your termination. I would recommend a prior acts retroactive date on such policies of at least four years to cover the statute of limitations on federal claims. You may want to consider a longer prior acts retroactive date for claims that could be filed by minors when they reach age of majority.

I have enclosed a current loss run for claims open for Carbon County. Under the terms of UCIP's Sixth Amended Interlocal Agreement which Carbon County entered into earlier this year, "A terminating Member shall lose all voting rights and any claim of title or interest to any asset of the Pool upon the effective date of termination with the exception of the right to payment of claims for which coverage was provided under the Bylaws Coverage Addendum in effect prior to termination, but only to the extent of the amount of the case reserve set by UCIP for each claim as of the date of notice of termination, or the initial case reserve established by UCIP for claims reported after the date of notice of termination which are covered under the terms of the Bylaws Coverage Addendum in effect prior to termination." Therefore, any amounts excess of the remaining reserves shown on the attached loss run, or the initial reserves set on any claims filed prior to 1-1-2015, will be the responsibility of the county. These amounts include defense expenses. We will keep you up to date regularly of the balance on these amounts so you can budget accordingly.

Please don't hesitate to contact me with any questions or concerns you might have, or anything we can do to make your transition as smooth as possible.

Sincerely,
Utah Counties Indemnity Pool

A handwritten signature in black ink, appearing to read "Johnnie R. Miller". The signature is fluid and cursive, with the first name being the most prominent.

Johnnie R. Miller
Chief Executive Officer

UTAH COUNTIES INDEMNITY POOL

PO Box 95730, South Jordan, UT 84095-0730
Phone (801)565-8500 ☎ Fax (801)568-0495 ☎ www.ucip.utah.gov

UTAH COUNTIES INDEMNITY POOL

Loss Experience Report

Line of Business = GL, Insured = Carbon County, Loss Date From >= 01/01/1992, Loss Date To <= 06/23/2014, Claim Status = open

Policy Number: UCIP-CAR

Insured: Carbon County

Claimant Name:	Carbon County	Category	Paid This Mo.	Reserves	Paid	Refunded	Recovered	Remaining
Claim Number:	CAR-000104-2014	Gen Lia	0.00	0.00	0.00	0.00	0.00	0.00
Date of Loss:	03/27/2014	Expense	0.00	0.00	0.00	0.00	0.00	0.00
Claim Type:	211	Auto Lia	0.00	0.00	0.00	0.00	0.00	0.00
Claim Status:	Open	Property	0.00	30,000.00	23,682.85	0.00	0.00	6,317.15
Date Received:	04/15/2014	Exc Pymt	0.00	0.00	0.00	0.00	0.00	0.00
Department:	CAR107	Salvage	0.00	0.00	0.00	0.00	0.00	0.00
		Subro Pymt	0.00	0.00	0.00	0.00	0.00	0.00
		Other	0.00	0.00	0.00	0.00	0.00	0.00
		Totals:	0.00	30,000.00	23,682.85	0.00	0.00	6,317.15

Claim Type Totals

Claim Type	# of Claims	# Open	Paid this Mo.	Average Cost
211	1	1	0.00	23682.85

Claimant Name:	Sosa, Patricia	Category	Paid This Mo.	Reserves	Paid	Refunded	Recovered	Remaining
Claim Number:	CAR-000092-2013	Gen Lia	0.00	0.00	0.00	0.00	0.00	0.00
Date of Loss:	07/28/2013	Expense	0.00	20,000.00	0.00	0.00	0.00	20,000.00
Claim Type:	22	Auto Lia	0.00	0.00	0.00	0.00	0.00	0.00
Claim Status:	Open	Property	0.00	0.00	0.00	0.00	0.00	0.00
Date Received:	07/30/2013	Exc Pymt	0.00	0.00	0.00	0.00	0.00	0.00
Department:	CAR901	Salvage	0.00	0.00	0.00	0.00	0.00	0.00
		Subro Pymt	0.00	0.00	0.00	0.00	0.00	0.00
		Other	0.00	0.00	0.00	0.00	0.00	0.00
		Totals:	0.00	20,000.00	0.00	0.00	0.00	20,000.00

Claim Type Totals

Claim Type	# of Claims	# Open	Paid this Mo.	Average Cost
22	1	1	0.00	0.00

Claimant Name:	Dalpiatz, Bridget	Category	Paid This Mo.	Reserves	Paid	Refunded	Recovered	Remaining
Claim Number:	CAR-000036-2010	Gen Lia	0.00	5,000.00	0.00	0.00	0.00	5,000.00
Date of Loss:	09/04/2009	Expense	0.00	175,000.00	139,777.81	0.00	0.00	35,222.19
Claim Type:	302	Auto Lia	0.00	0.00	0.00	0.00	0.00	0.00
Claim Status:	Open	Property	0.00	0.00	0.00	0.00	0.00	0.00
Date Received:	02/19/2010	Exc Pymt	0.00	0.00	0.00	0.00	0.00	0.00
Department:	CAR106	Salvage	0.00	0.00	0.00	0.00	0.00	0.00
		Subro Pymt	0.00	0.00	0.00	0.00	0.00	0.00
		Other	0.00	0.00	0.00	0.00	0.00	0.00
		Totals:	0.00	180,000.00	139,777.81	0.00	0.00	40,222.19

Claim Type Totals

Claim Type	# of Claims	# Open	Paid this Mo.	Average Cost
302	1	1	0.00	139777.81

Claimant Name:	Stewart, Hollie	Category	Paid This Mo.	Reserves	Paid	Refunded	Recovered	Remaining
Claim Number:	CAR-000094-2013	Gen Lia	0.00	0.00	0.00	0.00	0.00	0.00
Date of Loss:	08/27/2013	Expense	0.00	0.00	0.00	0.00	0.00	0.00
Claim Type:	98	Auto Lia	0.00	2,000.00	0.00	0.00	0.00	2,000.00
Claim Status:	Open	Property	0.00	0.00	0.00	0.00	0.00	0.00
Date Received:	09/03/2013	Exc Pymt	0.00	0.00	0.00	0.00	0.00	0.00
Department:	CAR202	Salvage	0.00	0.00	0.00	0.00	0.00	0.00
		Subro Pymt	0.00	0.00	0.00	0.00	0.00	0.00
		Other	0.00	0.00	0.00	0.00	0.00	0.00
		Totals:	0.00	2,000.00	0.00	0.00	0.00	2,000.00

Claim Type Totals

Claim Type	# of Claims	# Open	Paid this Mo.	Average Cost
98	1	1	0.00	0.00

UTAH COUNTIES INDEMNITY POOL

Loss Experience Report

Line of Business = GL, Insured = Carbon County, Loss Date From >= 01/01/1992, Loss Date To <= 06/23/2014, Claim Status = open

Claimant Name:	Pittman, Nathan	Category	Paid This Mo.	Reserves	Paid	Refunded	Recovered	Remaining
Claim Number:	CAR-000102-2013	Gen Lia	0.00	5,000.00	0.00	0.00	0.00	5,000.00
Date of Loss:	10/09/2013	Expense	0.00	30,000.00	36.00	0.00	0.00	29,964.00
Claim Type:	EEO	Auto Lia	0.00	0.00	0.00	0.00	0.00	0.00
Claim Status:	Open	Property	0.00	0.00	0.00	0.00	0.00	0.00
Date Received:	12/30/2013	Exc Pymt	0.00	0.00	0.00	0.00	0.00	0.00
Department:	CAR203	Salvage	0.00	0.00	0.00	0.00	0.00	0.00
		Subro Pymt	0.00	0.00	0.00	0.00	0.00	0.00
		Other	0.00	0.00	0.00	0.00	0.00	0.00
		Totals:	0.00	35,000.00	36.00	0.00	0.00	34,964.00

Claim Type Totals

Claim Type	# of Claims	# Open	Paid this Mo.	Average Cost
EEO	1	1	0.00	36.00

Claimant Name:	Benash, John	Category	Paid This Mo.	Reserves	Paid	Refunded	Recovered	Remaining
Claim Number:	CAR-000086-2013	Gen Lia	0.00	10,000.00	0.00	0.00	0.00	10,000.00
Date of Loss:	03/09/2013	Expense	0.00	0.00	0.00	0.00	0.00	0.00
Claim Type:	GBI	Auto Lia	0.00	0.00	0.00	0.00	0.00	0.00
Claim Status:	Open	Property	0.00	0.00	0.00	0.00	0.00	0.00
Date Received:	04/12/2013	Exc Pymt	0.00	0.00	0.00	0.00	0.00	0.00
Department:	CAR250	Salvage	0.00	0.00	0.00	0.00	0.00	0.00
		Subro Pymt	0.00	0.00	0.00	0.00	0.00	0.00
		Other	0.00	0.00	0.00	0.00	0.00	0.00
		Totals:	0.00	10,000.00	0.00	0.00	0.00	10,000.00

Claim Type Totals

Claim Type	# of Claims	# Open	Paid this Mo.	Average Cost
GBI	1	1	0.00	0.00

Claimant Name:	Robertson, Roy	Category	Paid This Mo.	Reserves	Paid	Refunded	Recovered	Remaining
Claim Number:	CAR-000085-2013	Gen Lia	0.00	0.00	0.00	0.00	0.00	0.00
Date of Loss:	01/27/2013	Expense	2,097.53	25,309.50	4,845.44	0.00	0.00	20,464.06
Claim Type:	GLE	Auto Lia	0.00	0.00	0.00	0.00	0.00	0.00
Claim Status:	Open	Property	0.00	0.00	0.00	0.00	0.00	0.00
Date Received:	03/19/2013	Exc Pymt	0.00	0.00	0.00	0.00	0.00	0.00
Department:	CAR203	Salvage	0.00	0.00	0.00	0.00	0.00	0.00
		Subro Pymt	0.00	0.00	0.00	0.00	0.00	0.00
		Other	0.00	0.00	0.00	0.00	0.00	0.00
		Totals:	2,097.53	25,309.50	4,845.44	0.00	0.00	20,464.06

Claimant Name:	Sandoval, Bryan	Category	Paid This Mo.	Reserves	Paid	Refunded	Recovered	Remaining
Claim Number:	CAR-000091-2013	Gen Lia	0.00	0.00	0.00	0.00	0.00	0.00
Date of Loss:	07/17/2013	Expense	0.00	20,000.00	0.00	0.00	0.00	20,000.00
Claim Type:	GLE	Auto Lia	0.00	0.00	0.00	0.00	0.00	0.00
Claim Status:	Open	Property	0.00	0.00	0.00	0.00	0.00	0.00
Date Received:	07/30/2013	Exc Pymt	0.00	0.00	0.00	0.00	0.00	0.00
Department:	CAR202	Salvage	0.00	0.00	0.00	0.00	0.00	0.00
		Subro Pymt	0.00	0.00	0.00	0.00	0.00	0.00
		Other	0.00	0.00	0.00	0.00	0.00	0.00
		Totals:	0.00	20,000.00	0.00	0.00	0.00	20,000.00

Claim Type Totals

Claim Type	# of Claims	# Open	Paid this Mo.	Average Cost
GLE	2	2	0.00	2422.72

UTAH COUNTIES INDEMNITY POOL

Loss Experience Report

Line of Business = GL, Insured = Carbon County, Loss Date From >= 01/01/1992, Loss Date To <= 06/23/2014, Claim Status = open

Claimant Name:	Fasselín, George	Category	Paid This Mo.	Reserves	Paid	Refunded	Recovered	Remaining
Claim Number:	CAR-000075-2012	Gen Lia	0.00	5,000.00	0.00	0.00	0.00	5,000.00
Date of Loss:	04/10/2012	Expense	306.50	15,000.00	1,737.80	0.00	0.00	13,262.20
Claim Type:	GPD	Auto Lia	0.00	0.00	0.00	0.00	0.00	0.00
Claim Status:	Open	Property	0.00	0.00	0.00	0.00	0.00	0.00
Date Received:	10/25/2012	Exc Pymt	0.00	0.00	0.00	0.00	0.00	0.00
Department:	CAR300	Salvage	0.00	0.00	0.00	0.00	0.00	0.00
		Subro Pymt	0.00	0.00	0.00	0.00	0.00	0.00
		Other	0.00	0.00	0.00	0.00	0.00	0.00
		Totals:	306.50	20,000.00	1,737.80	0.00	0.00	18,262.20

Claim Type Totals

Claim Type	# of Claims	# Open	Paid this Mo.	Average Cost
GPD	1	1	0.00	1737.80

Claimant Name:	McDonald, Mark and Shirley	Category	Paid This Mo.	Reserves	Paid	Refunded	Recovered	Remaining
Claim Number:	CAR-000090-2013	Gen Lia	0.00	0.00	0.00	0.00	0.00	0.00
Date of Loss:	05/05/2012	Expense	0.00	5,000.00	0.00	0.00	0.00	5,000.00
Claim Type:	GPI	Auto Lia	0.00	0.00	0.00	0.00	0.00	0.00
Claim Status:	Open	Property	0.00	0.00	0.00	0.00	0.00	0.00
Date Received:	07/02/2013	Exc Pymt	0.00	0.00	0.00	0.00	0.00	0.00
Department:	CAR	Salvage	0.00	0.00	0.00	0.00	0.00	0.00
		Subro Pymt	0.00	0.00	0.00	0.00	0.00	0.00
		Other	0.00	0.00	0.00	0.00	0.00	0.00
		Totals:	0.00	5,000.00	0.00	0.00	0.00	5,000.00

Claim Type Totals

Claim Type	# of Claims	# Open	Paid this Mo.	Average Cost
GPI	1	1	0.00	0.00

Summary for Policy:		Category	Paid This Mo.	Reserves	Paid	Refunded	Recovered	Remaining
		Gen Lia	0.00	0.00	0.00	0.00	0.00	0.00
		Expense	0.00	5,000.00	0.00	0.00	0.00	5,000.00
		Auto Lia	0.00	0.00	0.00	0.00	0.00	0.00
		Property	0.00	0.00	0.00	0.00	0.00	0.00
		Exc Pymt	0.00	0.00	0.00	0.00	0.00	0.00
		Salvage	0.00	0.00	0.00	0.00	0.00	0.00
		Subro Pymt	0.00	0.00	0.00	0.00	0.00	0.00
		Other	0.00	0.00	0.00	0.00	0.00	0.00
*Total Incurred:	347,309.50	Totals:	0.00	347,309.50	170,079.90	0.00	0.00	177,229.60

Courthouse - Fillmore
50 South Main
Fillmore, UT 84631-5504
Phone: (435) 743-4703
Fax: (435) 743-8019

Millard County Commission

www.millardcounty.org



County Offices – Delta

71 South 200 West • P.O. Box 854
Delta, UT 84624
Phone: (435) 864-1400
Fax: (435) 864-1404

June 30, 2014

Utah Counties Indemnity Pool
PO Box 95730
10980 So. Jordan Gateway
South Jordan, UT 84095

Re: 180-Day Notice Requirement

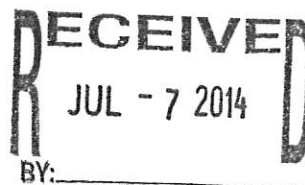
To whom it may concern,

As a courtesy, Millard County wishes to inform the Utah Counties Indemnity Pool of its intent to procure bids for Workers' Compensation Insurance and related services for the 2015 policy year.

This letter is to satisfy the 180-day notice requirement. Along with this notice, and in order to be considered among other bids, we request a proposal on Workers' Compensation Insurance and related services to be submitted on behalf of UCIP/WCF, not later than 11/14/2014, for the upcoming policy year.

Sincerely,

Alan M. Roper, Chair
Millard County Commission



Utah Counties Indemnity Pool

ENERGY EFFICIENCY UPGRADE ENDORSEMENT

This endorsement attaches to and forms part of Addendum No. UCIP-14.100, Part V Property Coverage Section:

The coverages and valuation provision provided by this endorsement only apply if direct physical loss or damage to covered real and/or personal property is caused by any of the perils covered by the Addendum and replacement cost valuation applies. This coverage does not apply to: (1) personal property of others in the Member's care, custody, and control, (2) leased personal property, and/or (3) finished or unfinished stock.

In no event, does this endorsement increase or change the per occurrence limit of liability shown in the Addendum or the annual aggregate for specified perils.

1. Notwithstanding the Valuation Provision of this Addendum or limits of liability applicable to specific locations or perils, if replacement cost valuation applies to real and/or personal property, then the Pool's liability for loss applicable to this endorsement shall be the cost to repair or replace the covered damaged property, subject to the applicable limit of liability, plus the least of the following amounts:
 - A. The reasonable and necessary amount to upgrade the covered damaged property as described in Coverage Section A - Non-LEED® Certified Coverage *or* as described in Coverage Section B - LEED® Certified Coverage, whichever is applicable; or
 - B. An additional 25% of the applicable limit of liability for the building and/or business personal property shown in the Statement of Values or similar schedule to upgrade; or
 - C. \$1,000,000 (one million dollars) to upgrade.

At the Member's sole discretion, the Member may elect not to upgrade any or all property for which upgrade coverage is provided under this endorsement. In such case, the Pool will adjust the claim in accordance with the standard provisions of the Addendum, as modified by all other applicable endorsements.

Subject to the least of A., B., or C. above, if business interruption coverage is provided as part of this Addendum, if necessary, the Period of Restoration shall be increased to allow for additional time to upgrade the damaged property plus up to an additional two week period to meet the requirements set forth in 4.B.

2. **COVERAGE SECTION A: NON-LEED CERTIFIED COVERAGE**

In the event of direct physical loss or damage by any of the perils covered by the Addendum to a building that is not LEED certified at the time of the loss, or to the personal property within such a building, the Pool will pay to repair or replace damaged or destroyed:

A. **Loss Settlement for Personal Property**

- (1) "Appliances" or "Office Equipment" with products of like kind and quality that have been identified as "ENERGY STAR®" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade coverage does not apply.

- (2) "Systems Furniture" or "Seating", with products of like kind and quality that are certified as GREENGUARD Indoor Air Quality Certified® or products with similar emissions characteristics. If there are no such products available at the time of the loss, this upgrade coverage does not apply.

B. Loss Settlement for Your Building

(1) Interior Finish Materials Upgrade

a. Lower Emissions Products Upgrade Coverage

"Defined Building Materials" with products of like kind and quality that have "Lower Emissions". If there are no such products available at the time of the loss, this upgrade coverage does not apply.

b. Environmentally Preferable Products Upgrade Coverage

Interior wood, carpeting and flooring with products of like kind and quality that have "Lower Emissions", are "Sustainably Produced", are "Rapidly Renewable" or include "Recycled Content". If there are no such products available at the time of the loss, this upgrade coverage does not apply.

(2) Interior Plumbing Systems Upgrade Coverage

Interior plumbing fixtures including, but not limited to, toilets, shower heads and lavatory faucets with products of like kind and quality that are more "Water Efficient". If there are no such products available at the time of the loss, this upgrade coverage does not apply. For damaged or destroyed faucets, the Pool will also pay to install occupant sensors to reduce the potable water demand.

(3) Lighting Systems Upgrade Coverage

Lighting systems, with products of like kind and quality that have been identified as "ENERGY STAR" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade coverage does not apply. The Pool will also pay to repair or replace damaged light bulbs with light bulbs which have low mercury content.

(4) Efficient Heating and Cooling Equipment Upgrade Coverage

"Heating and cooling equipment" with products of like kind and quality that have been identified as "ENERGY STAR" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade coverage does not apply.

(5) Building Reconstruction Following Total Loss

- a. Solely with respect to a "Total Loss" to a building, the Pool will pay to replace the building on its existing foundation using the most cost effective techniques, products and materials that should satisfy the prerequisites and earn the minimum number of points required to qualify for LEED Silver certification using the LEED New Construction (LEED NC®) Rating System.

b. Certification Expenses

- (i) The Pool will pay the reasonable and necessary registration and certification fees charged by the United States Green Building Council (USGBC) that the Member incurs should the Member decide to seek LEED Silver certification. However, the Pool will not pay to modify the reconstructed structure if it is not certified.
- (ii) The Sublimit of Coverage for this coverage is \$25,000.

3. COVERAGE SECTION B: LEED CERTIFIED COVERAGE

In addition to all Coverages provided in Coverage Section A (with the exception of 2.B.(5) Building Reconstruction Following a Total Loss) and in the event of direct physical loss or damage by any of the perils covered by the Addendum to a building that is LEED certified at the time of the loss, or to the personal property within such building, the Pool will pay to repair or replace damaged or destroyed:

A. Loss Settlement for Trees, Shrubs, and Vegetative Roofs

- (1) Trees and shrubs planted specifically to secure the Heat Island Effect: Non-Roof point as described in LEED NC. For the purposes of this coverage only, notwithstanding any other provision of the Addendum to the contrary, trees and shrubs are Covered Property. The Sublimit of Coverage for this coverage is \$3,000 per tree or \$3,000 per shrub up to a maximum of \$25,000.
- (2) Vegetative roofs on LEED certified buildings. Notwithstanding any other provision of the Addendum to the contrary, vegetative roofs are Covered Property.

B. Loss Settlement for Your Building

(1) Recertification Expenses

- a. In the event of direct physical loss or damage by any of the perils covered by the Addendum that necessitates recertification of the damaged building, the Pool will pay the reasonable and necessary registration and certification fees charged by the USGBC that the Member incurs as a result of the recertification process.
- b. The Sublimit of Coverage for this coverage is \$25,000.

(2) Building Reconstruction Following Total Loss

- a. Solely with respect to a "Total Loss" to a building that is LEED certified at the time of the loss, the Pool will pay to replace the building on its existing foundation using the most cost effective techniques, products and materials that would satisfy the prerequisites and should earn the minimum number of points required to qualify for LEED certification at one level above the certification in effect at the time of the loss using the LEED NC Rating System.
- b. **Certification Expenses**

(i) The Pool will pay the reasonable and necessary registration and certification fees charged by the USGBC that the Member incurs should the Member decide to seek LEED certification. However, the Pool will not pay to modify the reconstructed structure if it is not certified.

(ii) The Sublimit of Coverage for this coverage is \$25,000.

4. COVERAGES INCLUDED WITHIN COVERAGE SECTIONS A OR B AND APPLICABLE TO LEED® AND NON-LEED® CERTIFIED BUILDINGS

In the event of direct physical loss or damage by any of the perils covered by the Addendum to a LEED or Non-LEED certified building:

A. Recycling Expenses

- (1) The Pool will pay the Member's expenses to clean-up, sort, segregate, and transport debris from the Member's damaged building to recycling facilities, if such debris can be recycled.
- (2) The Sublimit of Coverage for this coverage is \$25,000 and is in addition to the debris removal expense sublimit provided by the Addendum, if any.
- (3) Any income or remuneration derived from this recycling shall be used to reduce the loss.

B. Air Testing and Outdoor Air Ventilation of the Reconstructed Space

- (1) In accordance with the requirements for the Construction IAQ Management Plan: Before Occupancy Credit as described in the LEED NC rating system (hereinafter, "Construction IAQ"), the Pool will pay to conduct air testing and a building flush-out (if required because of a failure to meet air quality standards set forth in the Construction IAQ) and follow-up air testing for a total period of time not to exceed two weeks.
- (2) After the two week period of increased outdoor air ventilation of the reconstructed space, the Pool will pay to replace the filtration media with new media.
- (3) The Sublimit of Coverage for this coverage is \$25,000.

C. Professional Services

The Pool will pay reasonable and necessary expenses to hire a LEED Accredited architect or engineer to participate in the design and/or construction administration of the damaged portion of the building or the entire building, whichever is applicable.

The Sublimit of Coverage for this coverage is \$50,000.

D. Building Commissioning Expenses

- (1) In the event of direct physical loss or damage to mechanical, electrical, or electronic building systems, by any of the perils covered by the Addendum which necessitates

the commissioning or re-commissioning of those systems, the Pool will pay reasonable and necessary expenses of a Professional Engineer to commission or re-commission those damaged systems in accordance with LEED protocols.

- (2) The Sublimit of Coverage for this coverage is \$25,000.

5. Additional Definitions

- A. "Appliances" means products including, but not limited to, dishwashers, refrigerators, freezers, ovens, microwave ovens, room air conditioners, room air cleaners and water heaters.
- B. "Defined Building Materials" means: (1) all carpet and floor coverings, including, adhesives to affix them to the floor, (2) all interior paints, architectural coatings, primers, undercoatings, adhesives, sealants, and (3) permanently installed composite wood fixtures, including, counters, cabinets, and partitions.
- C. "ENERGY STAR" means any product that has been identified by the United States Government Department of Energy, Environmental Protection Agency as ENERGY STAR qualified at the time of the loss.
- D. "Heating and Cooling Equipment" means products including, but not limited to, heat pumps, boilers, central air conditioning, ceiling fans, dehumidifiers, exhaust fans, furnaces, thermostats, and ventilating fans.
- E. "Lower emissions" means:
- (1) With respect to adhesive and sealant products, such as, general construction adhesives, flooring adhesives, fire-stopping sealants, caulking, duct sealants, plumbing adhesives, and cove base adhesives, products that meet the requirements of South Coast Air Quality Management District (SCAQMD) Rule # 1168; with respect to aerosol adhesives, products that meet Green Seal Standard GS-36 requirements;
 - (2) With respect to architectural paints, coatings, and primers, products that do not exceed the volatile organic compound (VOC) content limits established in Green Seal Standard GS-11, with respect to anti-corrosive and anti-rust paints, products that do not exceed the VOC content limits established in Green Seal Standard GS-03; and with respect to clear wood finishes, floor coatings, stains, and shellacs, products that do not exceed the VOC content limits established by SCAQMD Rule #1113;
 - (3) With respect to carpet and carpet cushion, products that meet the requirements of the Carpet and Rug Institute's Green Label Plus Program; and
 - (4) With respect to composite wood and agrifiber products such as particleboard, medium density fiberboard (MDF), plywood, wheatboard, strawboard, panel substrates and door cores as well as laminating adhesives used to fabricate on-site and shop-applied composite wood and agrifiber assemblies, products that contain no added urea-formaldehyde resins.
- F. "Office Equipment" means electronic products including, but not limited to, desktop computers, laptop computers, monitors, printers, fax machines, scanners, copiers, and telephones.

- G.** "Recycled Content" means those products that contain at least 20% post-consumer recycled content.
- H.** "Rapidly Renewable" means products that are made from plant resources that are harvested within a ten-year cycle or shorter, including, but not limited to, bamboo, eucalyptus, wheat straw, sunflower hulls, cork oak, wheatboard, linoleum, and sorghum.
- I.** "Seating" means task and guest chairs used with "System Furniture".
- J.** "Sustainably Produced" means those products certified by the Forest Stewardship Council ("FSC").
- K.** "System Furniture" means either a panel-based workstation comprised of modular interconnecting panels, hang-on components and drawer/filing components of a freestanding grouping of furniture items and their components that have been designed to work in concert.
- L.** "Total Loss" means:
- (1) The covered building is completely destroyed regardless of whether any damage is done to the foundation or slab, or
 - (2) The covered building is in such condition after the loss that the standard method of rebuilding or repairing the covered building is to raze the structure except for the foundation or slab or including all or part of the foundation or slab and rebuild the entire structure, whether such structure is actually rebuilt or not.
- M.** "Water Efficient" means dry fixtures such as composting toilet systems and non-water using urinals, flush toilets using no more than 1.6 gallons of water per flush, and shower heads and faucets with a flow rate of no more than 2.2 gallons per minute.



ASSOCIATION OF GOVERNMENTAL RISK POOLS

Event Calendar

Event Details

Date(s): October 5, 2014 - October 8, 2014

Time: All Day

Location:

Westin Savannah Harbor Golf Resort & Spa 1 Resort
Drive Savannah, GA 31421

Event Website: <http://www.westinsavannah.com/>

Registration opens mid-July! Our debut 2014 Fall Educational Forum will be track-based and for the entire pooling community. Specific pool operational tracks will be offered every other year, allowing pools to better align their investment in staff development with the content at our event. Come to participate in a special track for pool boards, or a selection of pool operational tracks such as claims, IT, finance, corporate counsel, reinsurance, member services, and more.

2014 Pool Operational Tracks:

- Claims and Litigation Management
- Reinsurance and Capital Management
- Marketing and Member Services

Every Fall conference will also include a Pooling Basics track for pool board members and people new to pooling. All of the operational tracks will also include a special focus area; this year, the theme will be effective public relations and communication. There will also be time carved out for special interest groups by job title – this year to include Pool Counsel and Claim Professionals.

Utah Counties Indemnity Pool

Statements of Revenues, Expenses and Changes in Net Assets
January through July 2014

	Jan - Jul 14	Budget	\$ Over Budget	% of Budget
Expense				
500-100101- Board of Trustees	32,295.82	40,000.00	-7,704.18	80.74%
500-100102- Administration	92,687.98	200,000.00	-107,312.02	46.34%
500-101000- Financial	54,500.00	150,000.00	-95,500.00	36.33%
500-101100- Human Resources	298,694.40	675,000.00	-376,305.60	44.25%
500-101400- Property Management	3,470.98	15,000.00	-11,529.02	23.14%
500-101600- Public Relations	11,964.75	14,000.00	-2,035.25	85.46%
500-101800 Risk Management	24,101.06	45,000.00	-20,898.94	53.56%
Total Expense	517,714.99	1,139,000.00	-621,285.01	45.45%

ZIONS® Wealth Advisors
ACCOUNT SUMMARY
UCIP

Account #8913870

From 6/01/2014 Through 6/30/2014

ACCOUNT SUMMARY (COST):

BEGINNING BALANCE:	2,059,837.51
DEPOSITS IN THE PERIOD:	-
WITHDRAWALS IN THE PERIOD:	-
REALIZED GAIN/LOSS:	(0.00)
GROSS INCOME:	1,317.12
MANAGEMENT FEE (0.131%):	(222.27)
ENDING BALANCE:	2,060,932.36

PERFORMANCE SUMMARY

INTEREST EARNED:	2,314.68
AMORTIZATION/ACCRETION (Month to Date):	(217.13)
REALIZED GAIN/LOSS:	(0.00)
GROSS EARNINGS:	2,097.55
MANAGEMENT FEE (0.131%):	(222.27)
NET EARNINGS:	1,875.28
AVERAGE DAILY BALANCE:	2,060,807.36
GROSS EARNINGS RATE: (360-day yield)	1.2214%
NET EARNINGS RATE: (360-day yield)	1.0920%

* Performance calculated using trade-date accounting.

* Management fee is charged on first day of following month, then back-dated to reflect the charged fee for the month in which it was earned. Funds invested in PTIF are not charged management fees.

* This summary is provided as a courtesy and for informational purposes only. It should not be used for tax purposes. Clients should refer to their custodial statement as the official account documentation.

* Please note that amortization and accretion makes up a portion of the Gross Earnings. Amortization and accretion is expense / income that is received from buying securities at a premium / discount (i.e., commercial paper).

* Contango Capital Advisors is a registered investment adviser and a non-bank affiliate of Zions Bank and a non-bank subsidiary of Zions Bancorporation. In Utah and Idaho, Contango operates under the name Zions Wealth Advisors. Some representatives of Zions Wealth Advisors are also registered representatives of Zions Direct, which is a member of FINRA/SIPC and a non-bank subsidiary of Zions Bank. Investment products and services are not insured by the FDIC or any federal or state governmental agency, are not deposits or other obligations of, or guaranteed by, Zions Bank, Zions Bancorporation or its affiliates, and may be subject to investment risks, including the possible loss of principal value or amount invested.

Utah Counties Indemnity Pool

Payments

June 14, 2014 - July 17, 2014

Type	Date	Num	Name	Memo	Amount
500-000000-10010100 ML Expense					
Liability Check	06/27/2014		QuickBooks Payroll Service	Created by Payroll Service on 06/25/2014	-10,108.29
Liability Check	07/14/2014		QuickBooks Payroll Service	Adjusted for voided paycheck(s)	-10,108.28
Liability Check	07/14/2014		QuickBooks Payroll Service	Direct Deposit Transmission Fee	3.00
Liability Check	07/14/2014		QuickBooks Payroll Service	Fee for 4 direct deposit(s) at \$1.50 each	6.00
Liability Check	07/14/2014		QuickBooks Payroll Service	Created by Payroll Service on 07/09/2014	-1,199.77
Check	06/30/2014			Service Charge	-66.48
Liability Check	06/27/2014	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 2704578400...	-4,062.62
Liability Check	06/27/2014	ONLINE	Utah State Tax Commission	Confirmation Number: 1-300-977-152	-1,339.83
Liability Check	06/27/2014	ONLINE	Utah Retirement Systems	Confirmation Number: 06278455758	-6,553.09
Liability Check	06/27/2014	ONLINE	Nationwide Retirement Solutions	Entity: 0036786001	-2,058.43
Liability Check	07/14/2014	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270459593076668	-4,490.68
Check	06/25/2014	VISA	Wells Fargo	Account Number: 4856 2002 0207 3675	-996.16
Check	06/17/2014	7204	Seth Oveson	Mileage Reimbursement	-94.24
Check	06/17/2014	7205	William E Cox	Mileage Reimbursement	-350.00
Check	06/17/2014	7206	Kerry Gibson	Mileage Reimbursement	-315.84
Check	06/17/2014	7207	David Blackwell	Mileage Reimbursement	-170.24
Check	06/17/2014	7208	Bret Millburn	Mileage Reimbursement	-285.60
Check	06/17/2014	7209	Bruce Adams	Mileage Reimbursement	-36.00
Check	06/17/2014	7210	Brad Dee	Mileage Reimbursement	-296.52
Check	06/17/2014	7211	Mark Whitney	Mileage Reimbursement	-316.32
Check	06/17/2014	7212	Alma Adams	Mileage Reimbursement	-254.40
Check	06/17/2014	7213	Jim Eardley	Mileage Reimbursement	-317.80
Check	06/17/2014	7214	Karla Johnson	Mileage Reimbursement	-380.80
Liability Check	06/17/2014	7215	Opticare of Utah	Invoice Number: 47080	-46.68
Check	06/17/2014	7216	Sonya J. White	Expense Reimbursement	-405.17
Bill Pmt -Check	06/17/2014	7217	Adcentives West, Inc.	Invoice Number: 7146-1	-1,011.20
Bill Pmt -Check	06/17/2014	7218	Les Olson Company	Invoice Number: EA526942	-625.48
Check	06/30/2014	7219	PEHP-LTD	Coverage Period: JUN 2014	-175.75
Liability Check	06/30/2014	7220	Public Employees Health Program	Policy Number 1076 (Jun)	-4,718.34
Bill Pmt -Check	06/30/2014	7221	Marsh USA Inc.	Invoice Number: 634412049581	-24,345.00
Bill Pmt -Check	06/30/2014	7222	Red Cliffs Lodge	Invoice Number: 105965	-6,992.21
Bill Pmt -Check	07/01/2014	7223	County Reinsurance, Limited	2014-2015 Property Reinsurance	-446,824.00
Bill Pmt -Check	07/01/2014	7224	End Point Corporation	Invoice Number: UC1402	-60.00
Bill Pmt -Check	07/01/2014	7225	Utah Association of Counties	Order Number: 236852622	-75.00
Bill Pmt -Check	07/01/2014	7226	Western AgCredit	Invoice Number: 7-2014	-10,186.70
Check	07/03/2014	7227	Johnnie R. Miller	Expense Reimbursement	-106.40
Bill Pmt -Check	07/03/2014	7228	Arthur J. Gallagher & Co.	Invoice Number: 983466	-3,693.40
Bill Pmt -Check	07/03/2014	7229	Davis County C&E Development	Hole & Foursome Sponsor	-750.00
Bill Pmt -Check	07/03/2014	7230	Office Depot	35538769	-143.32
Bill Pmt -Check	07/03/2014	7231	Premiere Global Services	Invoice Number: 16368857	-79.83
Bill Pmt -Check	07/03/2014	7232	Professional Yard Services	Invoice Number: 62549	-412.50
Bill Pmt -Check	07/03/2014	7233	Weber County Commission Office	Event Sponsor: 08/25/14	-700.00
Bill Pmt -Check	07/03/2014	7234	Whitney Advertising & Design, Inc.	Invoice Number: 20238	-39.35
Liability Check	07/17/2014	7235	Opticare of Utah	Invoice Number: 52965	-51.27
Check	07/17/2014	7236	Johnnie R. Miller	Expense Reimbursement	-91.28
Bill Pmt -Check	07/17/2014	7237	Aspen Press	Invoice Number: 70372	-201.73
Bill Pmt -Check	07/17/2014	7238	Christensen & Jensen	Invoice Number: 78565	-553.24
Bill Pmt -Check	07/17/2014	7239	Don Green Photography, Inc.	Invoice Number: 9169	-250.00
Bill Pmt -Check	07/17/2014	7240	Integra	915218	-538.06
Bill Pmt -Check	07/17/2014	7241	Les Olson Company	Invoice Number: EA532682	-67.46
Bill Pmt -Check	07/17/2014	7242	Revco Leasing Company, LLC	Invoice Number: 364534	-435.91
Bill Pmt -Check	07/17/2014	7243	Aspen Press	Invoice Number: 73843	-238.03
Bill Pmt -Check	07/17/2014	7244	Aspen Press	Invoice Number: 74055	-155.29
Total 500-000000-10010100 ML Expense					-547,764.99
TOTAL					-547,764.99



County Reinsurance, Limited

Annual Report 2013

About County Reinsurance, Limited

County Reinsurance, Limited (CRL) is a member-owned reinsurance company. The company was formed in 1997 by county associations looking for a better way to provide reinsurance to their self-insured pools. The National Association of Counties (NACo) and state association executives played a critical role in the formation of the company.

CRL is organized as a captive insurance company in the state of Vermont. The company's legal structure as a mutual insurance company means that the members of the company own the company. In addition, CRL is organized as a non-profit company and is exempt from state and federal income taxes. All CRL members are also organized as non-profit companies.

CRL provides property, liability, and workers' compensation reinsurance to its members. As a reinsurance company, CRL does not provide direct coverage or state approved "admitted" policies. In several instances CRL enters into reinsurance agreements with a state-approved insurance company to meet state regulatory requirements for an "admitted" company. In those instances, CRL Members receive a policy from an insurance company admitted to do business in their particular state, and CRL reinsures that state-approved insurance company.

CRL maintains an administrative office in Clemmons, North Carolina. Questions about CRL may be directed to Philip E. Bell, Executive Director at (336) 766-3930.



Letter to Members

Dear Members:

We are pleased to present County Reinsurance, Limited's (CRL's) Annual Report for 2013. Here are the major highlights of the year:

- The Pennsylvania Counties Workers' Compensation Trust (PComp) joined CRL on January 1, 2013.
- CRL started a Cyber Liability Program on July 1, 2013. Four CRL Members from Georgia, Nebraska, Nevada, and Utah joined the program.
- Net Premiums Earned increased from \$21,707,000 to \$24,937,000, a 14.9% increase. Most of this increase can be attributed to the addition of PComp, increased net retentions for property, and the Cyber Liability Program.
- The company had an operating loss of \$1,742,000 for the year. Investment losses were \$1,232,000, resulting in a Net Loss of \$2,974,000. The operating loss was primarily the result of liability loss development. The investment loss was primarily the result of rising interest rates.
- Members' Equity decreased from \$34,679,000 to \$32,018,000, a 7.7% decrease.

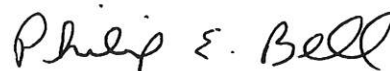
We discuss these results in more detail in the following pages.

CRL continues to operate according to its Strategic Plan. This plan includes five strategic goals and an annual work plan to achieve these goals. The five strategic goals are: Financial Security, Member Excellence, Underwriting Excellence, Claims Management Excellence, and Operational Excellence. We will discuss our efforts and results in the following pages.

Please let us know if you have any comments or questions.



Ron Lethgo
Chairman of the Board



Philip E. Bell
Executive Director



Management's Discussion and Analysis

Underwriting Results

County Reinsurance, Limited's (CRL's) Net Premiums Earned increased from \$21,707,000 to \$24,937,000, a 14.9% increase. Most of this increase can be attributed to the addition of the Pennsylvania Counties Workers' Compensation Trust (PComp), increased net retentions for property, and addition of the Cyber Liability Program.

Chart 1 illustrates changes in CRL's premiums and Members from 2004 to 2013.

The company had an Operating Loss of \$1,742,000 for the fiscal year ending December 31, 2013. Liability business accounted for most of the Operating Loss, although property business did contribute. Worker's Compensation business performed well and helped offset losses in other lines of coverage.

Two of CRL's Strategic Goals are Financial Security and Underwriting Excellence. Our Underwriting procedures have been adjusted to achieve a long-term combined ratio of 95%. This

adjustment will enhance CRL's financial security, while also addressing the inherent volatility in loss activity for a reinsurer. The combined ratio for 2013 was 106.9%. However, CRL's pricing model, which is partially loss-rated, will take this performance

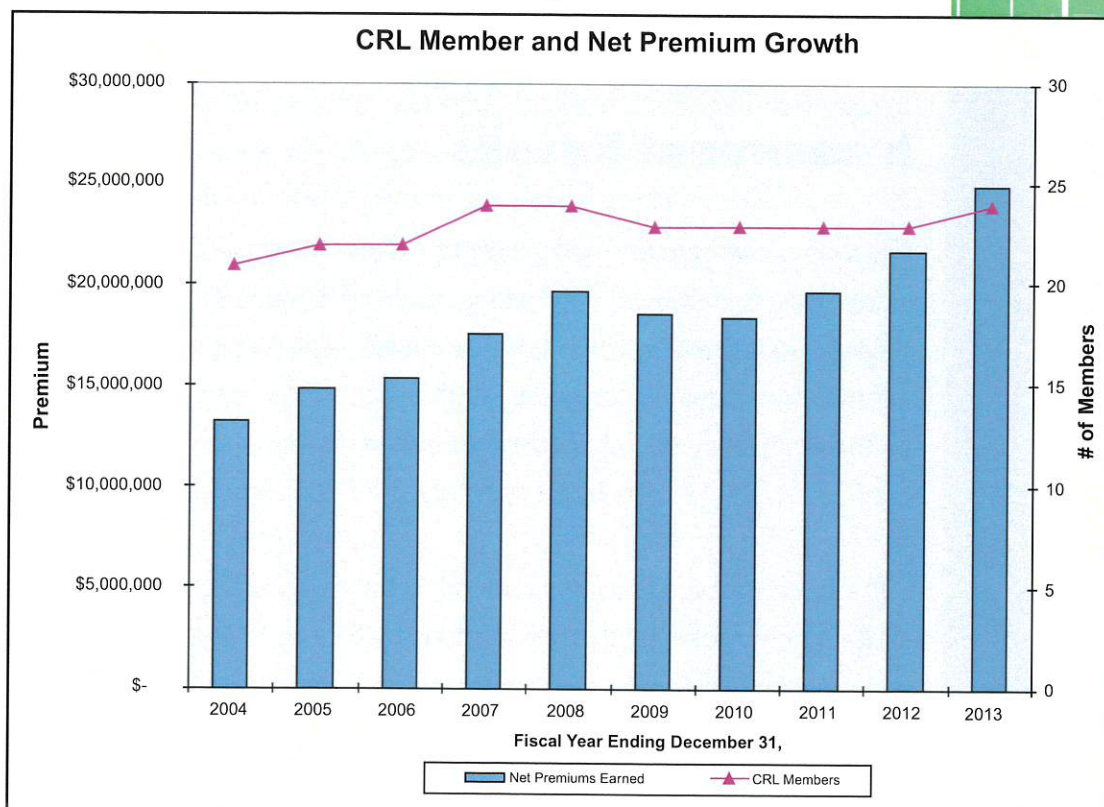


Chart 1



into account going forward.

CRL started a Cyber Liability Program on July 1, 2013, after two years of analysis and review. In addition to providing a competitive risk transfer mechanism, we have also included comprehensive risk control and underwriting tools to assist our members. We added four members to this program during 2013 and now expect to double the size of the program in 2014.

Comparison of Results - 2004 to 2013

Years Ending December 31,	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net Premiums Earned	\$13,187,947	\$14,812,328	\$15,325,265	\$17,543,593	\$19,654,835	\$18,557,515	\$18,418,749	\$19,684,158	\$21,707,097	\$24,936,553
Operating Income	\$1,515,615	\$528,587	\$(687,267)	\$(3,632,387)	\$(3,487,613)	\$(1,101,496)	\$(1,842,451)	\$3,050,397	\$2,521,689	\$(1,742,149)
Net Investment Income	\$2,271,794	\$2,765,084	\$3,828,176	\$5,309,227	\$(6,446,767)	\$4,027,917	\$5,669,136	\$7,110,442	\$5,525,120	\$(1,232,059)
Net Income	\$3,787,409	\$3,293,671	\$3,140,909	\$1,676,840	\$(9,934,380)	\$2,926,421	\$3,826,685	\$10,160,189	\$8,046,809	\$(2,974,207)
At December 31,	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Assets	\$58,421,265	\$70,943,760	\$84,760,980	\$107,064,249	\$109,345,608	\$121,330,105	\$137,891,637	\$155,589,163	\$166,187,749	\$169,554,275
Total Liabilities	\$46,131,914	\$55,730,576	\$65,610,922	\$85,049,651	\$101,651,901	\$109,832,427	\$121,649,287	\$129,007,227	\$131,508,531	\$137,536,061
Total Member Equity	\$12,289,351	\$15,213,184	\$19,159,058	\$22,014,598	\$7,693,707	\$11,497,678	\$16,242,350	\$26,581,936	\$34,679,218	\$32,018,214
CRL Members	21	22	22	24	24	23	23	23	23	24

Chart 2

Chart 2 shows a summary of the results of the company from 2004 to 2013.

Investment Results

CRL has a comprehensive Investment Policy. Most of CRL Assets are in investment grade fixed income products. CRL also invests in Risk Assets. At CRL, we define Risk Assets as anything outside of investment grade fixed income products, including domestic and international equity investments, high yield bonds, and international bonds. Our current investment policy allows investment in Risk Assets at no more than 25% of Surplus. At 12/31/13, CRL held approximately 24.7% of Surplus in Risk Assets.

CRL's portfolio benchmark is customized and market-weighted to better represent the strategic characteristics of the portfolio, which in turn supports CRL's liabilities. With the inclusion of Risk Assets, the custom portfolio benchmark now consists of a fixed income component representing the core investment grade fixed income portfolio and a Risk



Asset component.
For the year, CRL's investment portfolio produced a return of -0.75% compared to a benchmark return of .06%.

Chart 3 illustrates the growing assets of the company.

Net Income

CRL's Net Loss for the year ending 12/31/13 was \$2,974,000. This included an Operating Loss of \$1,742,000 and an Investment Loss of \$1,232,000.

Contributed Capital

CRL receives contributed capital from two primary sources. First, the company requires a minimum ratio of capital to premium for each member. Current members may be required to contribute additional capital if a member's capital drops below minimum ratios. Second, new members are required to contribute this capital upon joining the company, as a condition of membership. This requirement helps maintain CRL's surplus at acceptable levels, but also gives an ownership incentive to the members of the company.

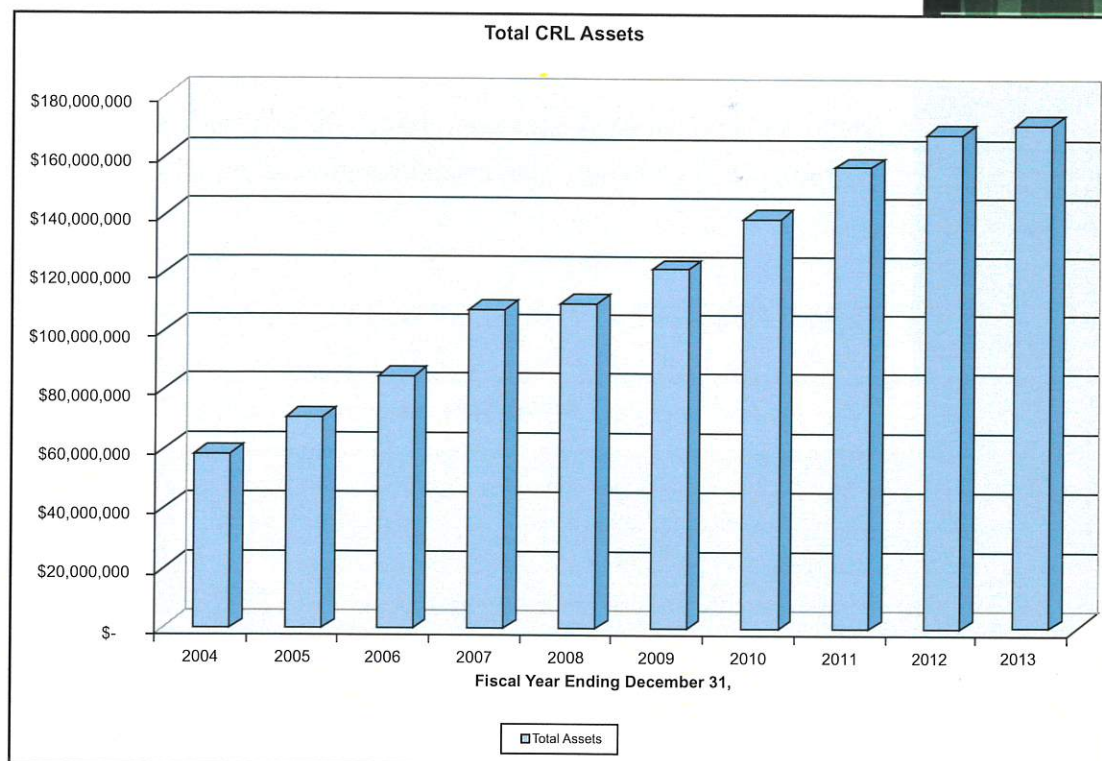


Chart 3



Members' Equity

Members' Equity decreased from \$34,679,000 to \$32,018,000 in 2013, a 7.7% decrease. This change came from Member Contributions of \$313,000 and a Net Loss of \$2,974,000.

Chart 4 illustrates the changes in Members' Equity from 2003 to 2012.

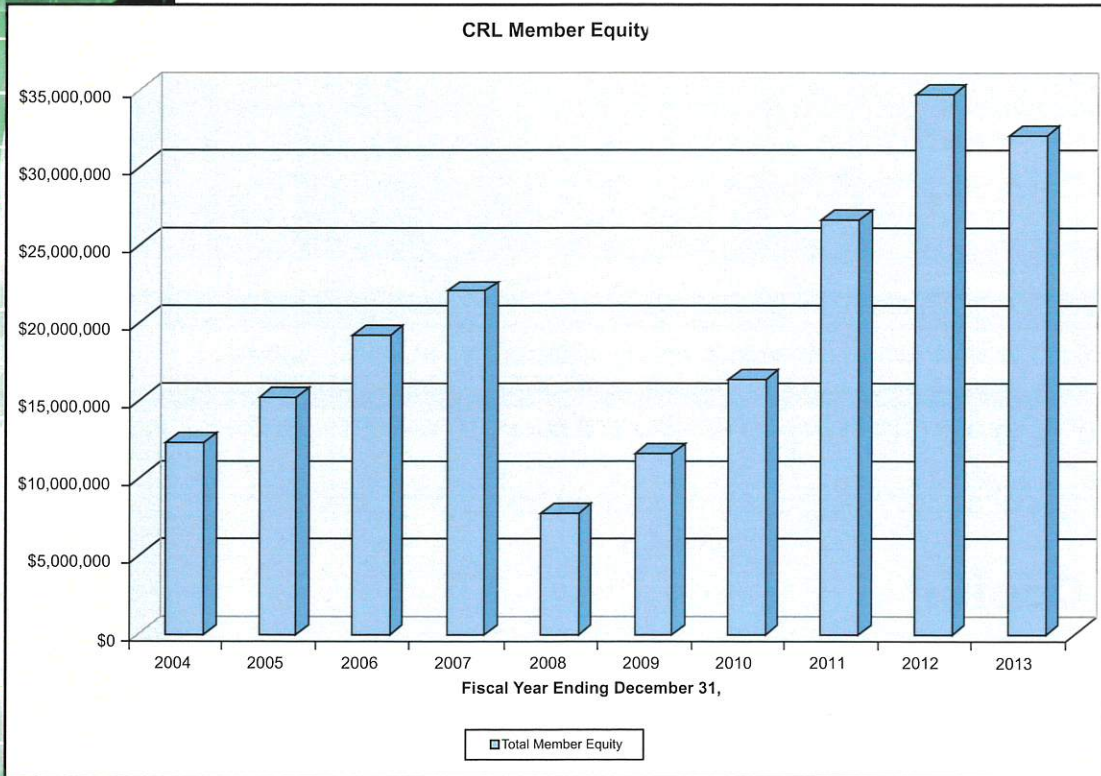


Chart 4

Reinsurance

CRL offers property, liability, and workers' compensation reinsurance to its members. The company has partnerships with additional reinsurance companies to add stability and capacity to its overall program.

The company currently retains liability business between a member's self-insured retention and up to \$3,000,000. The company retrocedes premiums and claims for losses above this amount to Lexington Insurance Company. Lexington Insurance Company has an A.M. Best rating of A (Excellent).

The company currently retains workers' compensation business between the member's self-insured retention and up to \$3,000,000. The company also retains an aggregate amount of \$1,500,000 excess of \$3,000,000. Safety National Casualty Corporation (SNCC) provides the remaining statutory limits for the program. In those states that require an admitted company, SNCC issues a policy directly to the CRL Member, and CRL reinsures SNCC for its portion of the premium and losses. SNCC has an A.M. Best rating of A (Excellent).

CRL also provides property reinsurance to eight member pools. CRL currently retains property business between the member's self-insured retention and up to \$2,000,000. The member pools purchase additional reinsurance coverage and limits from additional companies.



Members of County Reinsurance, Limited

Arizona Counties Insurance Pool, *represented by Mr. William Hardy*

Association County Commissioners of Georgia - Interlocal Risk Management Agency,
represented by Mr. David Paulk

Association County Commissioners of Georgia - Group Self-Insurance Workers'
Compensation Fund, *represented by Mr. David Paulk*

Association of Arkansas Counties Workers' Compensation Trust,
represented by Mr. Chris Villines

Association of County Commissioners of Oklahoma Self Insured Group,
represented by Mr. Dusty Birdsong

Association of County Commissions of Alabama Liability Self-Insurance Fund,
represented by Mr. Sonny Brasfield

Association of County Commissions of Alabama Workers' Compensation Self-Insurers
Fund, *represented by Mr. Sonny Brasfield*

County Risk Sharing Authority, *represented by Mr. David Brooks*

Kansas County Association Multiline Pool, *represented by Mr. Tom Job*

Kentucky Association of Counties Workers' Compensation Fund,
represented by Mr. Mark Miller

Local Government Property and Casualty Fund,
represented by Mr. Robert Wormsley

Local Government Workers' Compensation Fund,
represented by Mr. Robert Wormsley

Missouri Association of Counties Self-Insured Workers' Compensation Fund,
represented by Mrs. Carol Green

Nebraska Intergovernmental Risk Management Association,
represented by Mr. Craig Nelson

Nebraska Intergovernmental Risk Management Association II,
represented by Mr. Craig Nelson

New Mexico County Insurance Authority Workers' Compensation Pool,
represented by Mr. Ron Lethgo

Nevada Public Agency Compensation Trust, *represented by Mr. Wayne Carlson*

Nevada Public Agency Insurance Pool, *represented by Mr. Wayne Carlson*

North Carolina Association of County Commissioners Joint Risk Management Agency
Workers' Compensation Fund, *represented by Mr. David Thompson*

North Carolina Association of Counties Liability and Property Insurance Pool Fund,
represented by Mr. David Thompson

Pennsylvania Counties Risk Pool, *represented by Mr. John Sallade*

Pennsylvania Counties Workers' Compensation Trust, *represented by Mr. John Sallade*

Texas Association of Counties Risk Management Pool, *represented by Mr. Gene Terry*

Utah Counties Indemnity Pool, *represented by Mr. Johnnie Miller*



Directors and Officers of County Reinsurance, Limited

MR. RON LETHGO, Chair
New Mexico

MR. DAVE BROOKS
Ohio

MR. DAVID PAULK, Vice Chair
Georgia

MRS. CAROL GREEN
Missouri

MR. SONNY BRASFIELD, Secretary
Alabama

MR. TOM JOB
Kansas

MR. CRAIG NELSON, Treasurer
Nebraska

MR. MARK MILLER
Kentucky

MR. ANDY SARGEANT, Assistant Treasurer
USA Risk Group of Vermont, Inc.,
(Resident Vermont Director)

MR. GENE TERRY
Texas

MR. DAVID THOMPSON
North Carolina

Staff of County Reinsurance, Limited

MR. PHILIP E. BELL
Executive Director

MR. BARRETT A. EVANS
Regional Claims Manager

MS. BRENDA K. GIBSON
Member Services Manager

MR. BRENT M. WELLS
Senior Reinsurance Analyst

MR. FRANK K. PETERSON
Regional Claims Manager

MS. MARY K. JOHNSON
Administrative Assistant



Standing Committees of County Reinsurance, Limited

Claims Committee

Chair: Mr. David Paulk
Member: Mr. Dusty Birdsong
Member: Mr. Michael Kelly
Member: Mr. Craig Nelson
Member: Mr. John Sallade

Investment Committee

Chair: Mr. Andy Sargeant
Member: Mrs. Carol Green
Member: Mr. Tom Job
Member: Mr. Johnnie Miller
Member: Mr. Doug Smith
Member: Mr. David Thompson
Member: Mr. Bob Wormsley

Personnel Committee

Chair: Mr. Craig Nelson
Member: Mr. Sonny Brasfield
Member: Mr. Ron Lethgo
Member: Mr. David Paulk
Member: Mr. John Sallade
Member: Mr. David Thompson

Underwriting Committee

Chair: Mr. Wayne Carlson
Member: Mr. Sonny Brasfield
Member: Mr. Dave Brooks
Member: Mr. Ron Lethgo
Member: Mr. Mark Miller
Member: Mr. Johnnie Miller
Member: Ms. Tracy Seiler
Member: Mr. David Uhlman

Audit Committee

Chair: Mr. Ron Lethgo
Member: Mrs. Carol Green
Member: Mr. Craig Nelson
Member: Mr. David Paulk
Member: Mr. John Sallade
Member: Mr. Gene Terry
Member: Mr. Bob Wormsley

Bylaws Committee

Chair: Mr. Wayne Carlson
Member: Mr. Sonny Brasfield
Member: Mr. Craig Nelson
Member: Mr. Gene Terry
Member: Mr. David Thompson



Service Providers of County Reinsurance, Limited

Brokerage and Risk Management Services

Marsh USA, Inc.

Captive Management and Accounting

USA Risk Group of Vermont, Inc.

Claims Management Services

Alternative Service Concepts, LLC

Consulting Actuary

By the Numbers Actuarial Consulting, Inc.

Financial Auditor

Johnson Lambert & Co., LLP

Legal Counsel

Morris, Manning & Martin, LLP

Primmer Piper Eggleston & Cramer, PC

Investment Advisor

Strategic Asset Alliance, Inc.

Investment Manager

Asset Allocation & Management, LLC

Cyber Liability Risk Control Services

NetDiligence



County Reinsurance, Limited

Audited Financial Statements

Years ended December 31, 2013 and 2012

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Statements of Cash Flows.....	5 - 6
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Report of Independent Auditors

Board of Directors
County Reinsurance, Limited

We have audited the accompanying financial statements of County Reinsurance, Limited which comprise the balance sheets as of December 31, 2013 and 2012 and the related statements of operations, changes in members' contributions and surplus and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Reinsurance, Limited as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Burlington, Vermont
April 15, 2014
Firm Registration: 092-0000267

County Reinsurance, Limited

Balance Sheets

	At December 31,	
	2013	2012
Assets		
Cash and cash equivalents	\$ 5,266,068	\$ 8,206,583
Auction rate securities	350,000	350,000
Fixed-maturity securities, at fair value	144,802,751	139,610,938
Exchange traded funds, at fair value	7,919,620	6,753,434
Accrued investment income	828,445	863,291
Premiums receivable	53,188	4,886
Reinsurance recoverable - unpaid losses	8,573,245	8,927,949
Deferred policy acquisition costs	17,489	18,698
Property, furniture and equipment, net of accumulated depreciation	505,784	528,648
Prepaid reinsurance premiums	804,420	710,460
Other assets	433,265	212,862
Total Assets	<u>\$ 169,554,275</u>	<u>\$ 166,187,749</u>
Liabilities and Members' Contributions and Surplus		
Liabilities		
Losses and loss adjustment expenses	\$ 126,231,301	\$ 120,424,604
Unearned premiums	10,124,106	9,659,661
Accounts payable and accrued expenses	955,183	686,730
Premium taxes payable	53,355	49,528
Return of members' contributions payable	-	546,890
Deferred ceding commission income	172,116	141,118
Total Liabilities	137,536,061	131,508,531
Members' Contributions and Surplus		
Members' contributions	10,355,496	10,042,293
Retained earnings	21,662,718	24,636,925
Total Members' Contributions and Surplus	<u>32,018,214</u>	<u>34,679,218</u>
Total Liabilities and Members' Contributions and Surplus	<u>\$ 169,554,275</u>	<u>\$ 166,187,749</u>

See accompanying notes to the financial statements.

County Reinsurance, Limited

Statements of Operations

	Years ended December 31,	
	<u>2013</u>	<u>2012</u>
Underwriting Revenue		
Premiums earned, net of reinsurance	\$ 24,936,553	\$ 21,707,097
Commission income	<u>562,559</u>	<u>647,377</u>
Total Underwriting Revenue	25,499,112	22,354,474
Underwriting Expenses		
Losses and loss adjustment expenses	25,561,626	18,270,270
Policy acquisition costs	320,225	301,773
Professional and management fees	215,229	194,321
General and administrative expenses	<u>1,144,180</u>	<u>1,066,421</u>
Total Underwriting Expenses	<u>27,241,260</u>	<u>19,832,785</u>
Operating (Loss) Income	(1,742,148)	2,521,689
Investment (Loss) Income		
Net investment (loss) income	(1,269,317)	5,254,213
Net realized gains on investments	<u>37,258</u>	<u>270,907</u>
Total Investment (Loss) Income	<u>(1,232,059)</u>	<u>5,525,120</u>
Net (Loss) Income	<u><u>\$ (2,974,207)</u></u>	<u><u>\$ 8,046,809</u></u>

See accompanying notes to the financial statements.

County Reinsurance, Limited

Statements of Changes in Members' Contributions and Surplus

For the years ended December 31, 2013 and 2012

	<u>Members'</u> <u>Contributions</u>	<u>Retained</u> <u>Earnings</u>	Total Members' Contributions and Surplus
Balance at January 1, 2012	\$ 9,991,820	\$ 16,590,116	\$ 26,581,936
Proceeds from members' contributions	50,473	-	50,473
Net income	<u>-</u>	<u>8,046,809</u>	<u>8,046,809</u>
Balance at December 31, 2012	10,042,293	24,636,925	34,679,218
Proceeds from members' contributions	313,203	-	313,203
Net loss	<u>-</u>	<u>(2,974,207)</u>	<u>(2,974,207)</u>
Balance at December 31, 2013	<u>\$ 10,355,496</u>	<u>\$ 21,662,718</u>	<u>\$ 32,018,214</u>

See accompanying notes to the financial statements.

County Reinsurance, Limited

Statements of Cash Flows

	Years ended December 31,	
	2013	2012
Cash Flows from Operating Activities		
Net (loss) income	\$ (2,974,207)	\$ 8,046,809
Add (deduct) items not affecting cash:		
Amortization of bond premium/discount	796,392	893,403
Net realized gains on investments	(37,258)	(270,907)
Depreciation	22,866	23,663
Change in unrealized (losses) gains on assets held at reporting date	4,951,841	(1,370,813)
Changes in assets and liabilities:		
Accrued investment income	34,846	44,594
Premiums receivable	(48,302)	315,449
Reinsurance recoverable - paid losses	-	316,392
Reinsurance recoverable - unpaid losses	354,704	370,395
Deferred policy acquisition costs	1,209	2,243
Prepaid reinsurance premiums	(93,960)	3,001,654
Other assets	(220,403)	(100,950)
Losses and loss adjustment expenses	5,806,697	5,594,329
Unearned premiums	464,445	(1,578,717)
Ceded reinsurance balances payable	-	(273,529)
Accounts payable and accrued expenses	268,453	329,515
Premium taxes payable	3,827	(298)
Deferred ceding commission income	30,998	(234,596)
Losses payable	-	(862,605)
Net cash provided by operating activities	<u>9,362,148</u>	<u>14,246,031</u>

See accompanying notes to the financial statements.

County Reinsurance, Limited

Statements of Cash Flows - Continued

	Years ended December 31,	
	2013	2012
Cash Flows from Investing Activities		
Cost of investments acquired	(40,770,741)	(49,992,954)
Proceeds from sales and maturities of investments	28,701,765	35,587,304
Cost of property, furniture and equipment purchased	-	(2,860)
Net cash used in investing activities	<u>(12,068,976)</u>	<u>(14,408,510)</u>
Cash Flows from Financing Activities		
Proceeds from members' contributions	313,203	50,473
Return of members' contributions	<u>(546,890)</u>	<u>(472,797)</u>
Net cash used in financing activities	<u>(233,687)</u>	<u>(422,324)</u>
Net change in cash and cash equivalents	(2,940,515)	(584,803)
Cash and cash equivalents, beginning of year	<u>8,206,583</u>	<u>8,791,386</u>
Cash and cash equivalents, end of year	<u>\$ 5,266,068</u>	<u>\$ 8,206,583</u>

See accompanying notes to the financial statements.

County Reinsurance, Limited

Notes to the Financial Statements

Years ended December 31, 2013 and 2012

Note A - Organization and Significant Accounting Policies

Organization

County Reinsurance, Limited (CRL or the Company) was incorporated under the laws of the State of Vermont on June 20, 1997 and was issued a Certificate of Authority permitting it to transact the business of an industrial insured captive insurance company by the State of Vermont Department of Financial Regulation (the Department) on June 24, 1997. CRL commenced operations on July 1, 1997. CRL assumes various coverages from 24 and 23 public entity pools at December 31, 2013 and 2012, respectively. These public entity pools provide direct coverages to policyholders located in Alabama, Arkansas, Arizona, Georgia, Kansas, Kentucky, Missouri, Nebraska, Nevada, North Carolina, New Mexico, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas and Utah at December 31, 2013. As of December 31, 2013 and 2012, premiums from the three largest pools represent approximately 28% and 29% of gross written premiums, respectively.

Basis of Reporting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) promulgated by the Financial Accounting Standards Board Accounting Standards Codification (ASC or the guidance).

Use of Estimates

Preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Company has evaluated subsequent events for disclosure and recognition through April 15, 2014, the date which these financial statements were available to be issued, and all events identified have been reflected within these statements.

Fair Value Measurements

CRL's estimates of fair value for financial assets are based on the framework established in the fair value measurements and disclosures accounting guidance. The framework is based on the inputs used in valuation and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the fair value accounting guidance hierarchy is based on whether the significant inputs into the valuation are observable.

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2013 and 2012

Note A - Organization and Significant Accounting Policies (Continued)

In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Company's significant market assumptions. The Company recognizes transfers between levels at the end of the reporting period. The three levels of the hierarchy are as follows:

Level 1 – Inputs to the valuation methodology are quoted prices for identical assets traded in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset and market corroborated inputs.

Level 3 – Valuations based on models where significant inputs are not observable. The unobservable inputs reflect the Company's own assumptions about the inputs that market participants would use.

Fair Value Option

Effective January 1, 2008, CRL elected to adopt fair value option accounting guidance for its investment portfolio. As a result CRL measures its investment portfolio at fair value, with changes in unrealized gains and losses recorded directly to the statement of operations as a component of net investment income.

Investments

Investments held by CRL at December 31, 2013 and 2012 consist of U.S. Treasury notes, obligations of U.S. government sponsored enterprises, corporate bonds, asset-backed securities, collateralized mortgage-backed securities, commercial mortgage-backed securities, municipal bonds and exchange traded funds. Included within corporate bonds are holdings which were issued under the Temporary Liquidity Guarantee Program. Through this program, the Federal Deposit Insurance Corporation (FDIC) guarantees the timely payment of principal and interest for investments meeting the programs criteria. Investments are reported at their estimated fair values with unrealized gains and losses reported as a component of investment income within the statement of operations. Realized gains and losses on sales of investments are determined using the specific identification method. As more fully described in Note B, CRL holds five trust accounts which provide collateral in the form of pledged securities in connection with various policies issued or assumed by the Company.

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2013 and 2012

Note A - Organization and Significant Accounting Policies (Continued)

Auction Rate Securities

Auction rate securities are carried at amortized cost, which approximates fair value. In evaluating the fair value of auction rate securities, CRL considers the financial strength and credit rating of each securities' issuer. The investment grade rating of each issuer supports its ability to repay based upon contractual terms. Given CRL's ability to hold the securities until maturity and the issuers' ability to repay, the Company believes amortized cost to be a reasonable estimate of fair value. However, given current market conditions, certain auction rate securities held by CRL "failed" at auction during 2013 and 2012 which decreases the liquidity of these securities. All auction rate securities continued to be current on all required interest payments during 2013 and 2012.

Cash and Cash Equivalents

For purposes of the statement of cash flows, CRL considers money market funds and all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are as follows at December 31:

	<u>2013</u>	<u>2012</u>
People's United Bank - operating account	\$ 304,249	\$ 203,812
U.S. Bank - cash & money market accounts	503,181	87,354
State Street - cash & money market accounts	<u>4,458,638</u>	<u>7,915,417</u>
Total	<u>\$ 5,266,068</u>	<u>\$ 8,206,583</u>

The FDIC insures amounts on deposit with each financial institution up to limits as prescribed by law. The Company holds funds with financial institutions in excess of the FDIC insured amount, however, the Company has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Property, Furniture and Equipment

Depreciation and amortization on property, furniture and equipment is recognized over the estimated service lives of depreciable assets. The straight-line method of depreciation is followed for substantially all assets for financial reporting purposes.

Recognition of Premium Revenue

Premiums assumed are earned ratably over the terms of the policies to which they relate. Premiums assumed relating to the unexpired portion of policies in force at the balance sheet date are recorded as unearned premiums. Premiums ceded pursuant to reinsurance agreements are expensed over the terms of the underlying policies to which they relate and are netted against earned premiums. Ceded premiums relating to the unexpired portion of underlying policies are recorded as prepaid reinsurance premiums.

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2013 and 2012

Note A - Organization and Significant Accounting Policies (Continued)

The company recognizes premium deficiencies when there is a probable loss on an insurance contract. Premium deficiencies are recognized if the sum of expected losses and loss adjustment expenses, expected dividends to policyholders, unamortized deferred acquisition costs, and maintenance costs exceed unearned premiums and anticipated investment income. No premium deficiency reserve has been recorded as of December 31, 2013 and 2012.

Losses and Loss Adjustment Expenses

The liability for unpaid losses and loss adjustment expenses reported in the financial statements includes case basis estimates of reported losses, plus supplemental amounts for projected incurred but not reported losses (IBNR) calculated based upon loss projections utilizing actuarial studies of the members' own historical loss data for periods prior to and subsequent to the creation of CRL and industry data. In establishing its liability for losses and loss adjustment expenses, CRL utilizes the findings of an independent consulting actuary. Management has recorded its reserves based on the actuary's best estimate and believes that its aggregate liability for unpaid losses and loss adjustment expenses at year end represents its best estimate, based upon the available data, of the amount necessary to cover the ultimate cost of losses; however, because of uncertainty associated with the limited population of insured risks, economic conditions, judicial decisions, legislation and others reasons, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability at the balance sheet date. Accordingly, the ultimate liability could be significantly in excess of or less than the amount indicated in the financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

Reinsurance Recoverable - Unpaid Losses

Reinsurance recoverable is comprised of estimated amounts of losses and loss adjustment expenses unpaid which are expected to be recoverable from reinsurers pursuant to reinsurance agreements. Such amounts have been estimated using actuarial assumptions consistent with those used to estimate the related liability for unpaid losses and loss adjustment expenses. Management believes that the reinsurance recoverable as recorded represents its best estimate of such amounts; however, as changes in the estimated ultimate liability for losses and loss adjustment expenses are determined, the estimated ultimate amount receivable from reinsurers will also change.

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2013 and 2012

Note A - Organization and Significant Accounting Policies (Continued)

CRL relies on facultative reinsurance agreements to limit its insurance risk as described further in Note B. In the event that any or all of the reinsuring companies are unable to meet their obligations under existing reinsurance agreements, CRL would be contingently liable for such amounts. In preparing financial statements, management makes estimates of the amounts recoverable from reinsurers, which includes consideration of amounts, if any, estimated to be uncollectible based on assessment of factors including management's assessment of the creditworthiness of the reinsurers. Management evaluated the creditworthiness of its reinsurers and determined that no specific valuation allowance was required at December 31, 2013 and 2012.

Reinsurance Recoverable - Paid Losses

Reinsurance recoverable on paid losses includes amounts of losses and loss adjustment expenses paid by CRL, which are expected to be recoverable from the reinsurers pursuant to reinsurance agreements. Management has determined that no provision for uncollectible reinsurance recoveries is necessary as of December 31, 2013 and 2012.

Commission Income

Commission income on business ceded to reinsurers and on excess liability and workers' compensation business placed directly by the policyholders through reinsurers are deferred and earned over the terms of the underlying policies to which they relate. Commissions relating to the unexpired portion of the underlying policies in force at the balance sheet date are recorded as deferred ceding commission income.

Deferred Policy Acquisition Costs

Premium taxes and other costs of acquiring business are deferred and amortized over the terms of the underlying policies to which they relate.

Note B - Insurance Activity

CRL assumes various liability coverages from member pools, on an occurrence and a claims-made basis, up to \$11 million inclusive of the individual pool retentions, which range from \$250,000 to \$1,000,000 and the insured corridor layer where applicable. CRL limits its risks to the first \$3 million per occurrence or claim (inclusive of the member retentions) through facultative reinsurance agreements with Lexington Insurance Company (Lexington).

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2013 and 2012

Note B - Insurance Activity (Continued)

CRL assumes workers' compensation coverage from various public entity pools with limits up to \$3 million per occurrence inclusive of individual pool retentions which range from \$500,000 to \$1,500,000 and the insured corridor layer where applicable. CRL also assumes workers' compensation coverage for several other pools from Safety National Casualty Corporation (SNCC) on an occurrence basis with a limit of up to \$3 million inclusive of the individual pool retentions, which range from \$500,000 to \$850,000 and the insured corridor layer where applicable. In addition, CRL assumes from SNCC a \$1.5 million aggregate corridor in excess of \$3 million for all policies issued to CRL member pools.

Effective July 1, 2012, CRL assumes property coverage from various public entity pools with limits up to \$2 million per occurrence (inclusive of member retentions).

CRL holds a trust account with investments totaling \$11,800,420 and \$11,476,465 as of December 31, 2013 and 2012, respectively, for the benefit of United States Fidelity and Guaranty Company. This trust account is for fronted policies offered from 1997 to 2003.

CRL holds a trust account with investments totaling \$19,341,100 and \$17,827,535 as of December 31, 2013 and 2012, respectively, for the benefit of SNCC. This trust account is for fronted policies offered from 2004 to 2013.

CRL holds a trust account with investments totaling \$5,514,672 and \$5,614,626 as of December 31, 2013 and 2012, respectively, for the benefit of the Association of County Commissioners of Georgia Interlocal Risk Management Agency.

CRL holds a trust account with investments totaling \$7,204,119 and \$7,078,081 as of December 31, 2013 and 2012, respectively, for the benefit of the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund.

CRL holds a trust account with investments totaling \$571,623 and \$569,600 as of December 31, 2013 and 2012, respectively, for the benefit of the Kansas County Association Multiline Pool.

A reconciliation of assumed to net premiums, on both a written and an earned basis is as follows:

	2013		2012	
	Written	Earned	Written	Earned
Assumed	\$ 27,381,968	\$ 26,917,523	\$ 24,706,084	\$ 26,284,801
Ceded	(2,074,930)	(1,980,970)	(1,576,050)	(4,577,704)
Net Premiums	<u>\$ 25,307,038</u>	<u>\$ 24,936,553</u>	<u>\$ 23,130,034</u>	<u>\$ 21,707,097</u>

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2013 and 2012

Note B - Insurance Activity (Continued)

The components of the liability for losses and loss adjustment expenses and related reinsurance recoverable are as follows:

	2013	2012
Case-basis reserves	\$ 63,866,906	\$ 62,551,986
IBNR reserves	62,364,395	57,872,618
Gross reserves	126,231,301	120,424,604
Reinsurance recoverable	(8,573,245)	(8,927,949)
Net reserves	<u>\$ 117,658,056</u>	<u>\$ 111,496,655</u>

Losses and loss adjustment expense activity is as follows:

	2013	2012
Liability as of January 1, net of reinsurance recoverable of \$8,927,949 and \$9,298,344	\$ 111,496,655	\$ 105,531,931
Incurred related to:		
Current year	20,128,689	17,805,272
Development of prior years	5,432,937	464,998
Total incurred during the year	25,561,626	18,270,270
Paid related to:		
Current year	(532,790)	(339,219)
Prior years	(18,867,435)	(11,966,327)
Total paid during the year	(19,400,225)	(12,305,546)
Liability as of December 31, net of reinsurance recoverable of \$8,573,245 and \$8,927,949	<u>\$ 117,658,056</u>	<u>\$ 111,496,655</u>

The 2013 unfavorable development of prior years is related to the liability and property coverages. Total unfavorable development on liability coverage amounted to \$6,336,242 and total unfavorable development on property coverage amounted to \$556,495. These amounts were partially offset by total favorable development on workers' compensation coverage of \$1,459,800.

The 2012 unfavorable development of prior years is related to the liability and property coverages. Total unfavorable development on liability coverage amounted to \$441,610 and total unfavorable development on property coverage amounted to \$74,934. These amounts were partially offset by total favorable development on workers' compensation coverage of \$51,546.

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2013 and 2012

Note C - Investments

The cost or amortized cost, gross unrealized gains, gross unrealized losses and estimated fair values for investments in fixed-maturity securities by major security type and exchange traded funds by sector at December 31, 2013 are as follows:

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<u>Fixed-maturity securities:</u>				
U.S. Treasury notes	\$ 16,051,823	\$ 406,306	\$ (80,794)	\$ 16,377,335
Obligations of U.S. Government sponsored enterprises	48,908,655	684,650	(1,563,894)	48,029,411
Corporate bonds	43,972,617	1,387,396	(378,975)	44,981,038
Asset-backed securities	11,875,855	14,114	(31,422)	11,858,547
Collateralized mortgage obligations	340,589	91,199	-	431,788
Commercial mortgage-backed securities	11,255,660	90,090	(69,940)	11,275,810
Municipal bonds	<u>11,619,308</u>	<u>302,677</u>	<u>(73,163)</u>	<u>11,848,822</u>
Total fixed-maturity securities	<u>\$ 144,024,507</u>	<u>\$ 2,976,432</u>	<u>\$ (2,198,188)</u>	<u>\$ 144,802,751</u>
<u>Exchange traded funds:</u>				
S&P index funds	\$ 3,293,200	\$ 1,094,333	\$ -	\$ 4,387,533
Capital high yield bond funds	1,307,529	49,854	-	1,357,383
International stock funds	983,450	250,973	-	1,234,423
Emerging market funds	<u>991,307</u>	<u>-</u>	<u>(51,026)</u>	<u>940,281</u>
Total exchange traded funds	<u>\$ 6,575,486</u>	<u>\$ 1,395,160</u>	<u>\$ (51,026)</u>	<u>\$ 7,919,620</u>

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2013 and 2012

Note C - Investments (Continued)

The cost or amortized cost, gross unrealized gains, gross unrealized losses and estimated fair values for investments in fixed-maturity securities by major security type and exchange traded funds by sector at December 31, 2012 are as follows:

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<u>Fixed-maturity securities:</u>				
U.S. Treasury notes	\$ 16,991,736	\$ 830,756	\$ -	\$ 17,822,492
Obligations of U.S. Government sponsored enterprises	56,774,359	1,957,219	(45,194)	58,686,384
Corporate bonds	39,196,096	2,955,967	(5,822)	42,146,241
Asset-backed securities	3,332,636	36,706	(2,186)	3,367,156
Collateralized mortgage obligations	362,680	62,312	-	424,992
Commercial mortgage-backed securities	4,645,428	216,781	(830)	4,861,379
Municipal bonds	<u>11,594,282</u>	<u>708,012</u>	<u>-</u>	<u>12,302,294</u>
Total fixed-maturity securities	<u>\$ 132,897,217</u>	<u>\$ 6,767,753</u>	<u>\$ (54,032)</u>	<u>\$ 139,610,938</u>
<u>Exchange traded funds:</u>				
S&P index funds	\$ 3,202,062	\$ 186,115	\$ -	\$ 3,388,177
Capital high yield bond funds	1,271,393	47,287	-	1,318,680
International stock funds	955,903	76,337	-	1,032,240
Emerging market funds	<u>963,578</u>	<u>50,759</u>	<u>-</u>	<u>1,014,337</u>
Total exchange traded funds	<u>\$ 6,392,936</u>	<u>\$ 360,498</u>	<u>\$ -</u>	<u>\$ 6,753,434</u>

Expected maturities may differ from contractual maturities as borrowers may have the right to call or prepay obligations without penalty. The scheduled maturities of bond investments at December 31, 2013 are as follows:

	Amortized Cost	Estimated Fair Value
Maturity:		
In 2014	\$ 8,826,323	\$ 8,895,690
In 2015-2018	44,311,825	45,443,610
In 2019-2023	22,824,697	23,179,646
Due after 2023	44,589,558	43,717,659
Mortgage and asset-backed securities	<u>23,472,104</u>	<u>23,566,146</u>
Total	<u>\$ 144,024,507</u>	<u>\$ 144,802,751</u>

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2013 and 2012

Note C - Investments (Continued)

During 2013 and 2012 CRL recognized gross realized gains on sales of investments of \$114,424 and \$296,471, respectively. During 2013 and 2012, CRL recognized gross realized losses on sales of investments of \$77,166 and \$25,564, respectively.

The Company adopted fair value guidance for financial instruments as of January 1, 2008. Accordingly, beginning January 1, 2008, market value adjustments related to the change in unrealized gains or losses on fixed maturity and equity securities held as of the reporting date are included as a component of net investment income on the statements of operations. Investment income for the years ending December 31, 2013 and 2012 is summarized as follows:

	<u>2013</u>	<u>2012</u>
Investment Income:		
Fixed-maturities	\$ 3,737,513	\$ 4,026,710
Equity securities	287,003	171,697
Auction rate securities	9,404	10,303
Cash and short-term investments	3,960	10,809
Change in unrealized (losses) gains on assets held at reporting date	<u>(4,951,841)</u>	<u>1,370,813</u>
Gross investment (loss) income	(913,961)	5,590,332
Investment expenses	<u>(355,356)</u>	<u>(336,119)</u>
Net investment (loss) income	<u><u>\$ (1,269,317)</u></u>	<u><u>\$ 5,254,213</u></u>

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2013 and 2012

Note C - Investments (Continued)

The following tables present the level within the fair value hierarchy at which CRL's fixed-maturity investments are measured on a recurring basis as of December 31, 2013 and 2012:

<u>December 31, 2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Fixed-maturity securities:</u>				
U.S. Treasury notes	\$ 16,377,335	\$ -	\$ -	\$ 16,377,335
Obligations of U.S. Government sponsored enterprises	-	48,029,411	-	48,029,411
Corporate bonds	-	44,981,038	-	44,981,038
Asset-backed securities	-	11,858,547	-	11,858,547
Collateralized mortgage obligations	-	431,788	-	431,788
Commercial mortgage- backed securities	-	11,275,810	-	11,275,810
Municipal bonds	-	11,848,822	-	11,848,822
 Total fixed-maturity securities	 <u>\$ 16,377,335</u>	 <u>\$ 128,425,416</u>	 <u>\$ -</u>	 <u>\$ 144,802,751</u>
 <u>December 31, 2012</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
<u>Fixed-maturity securities:</u>				
U.S. Treasury notes	\$ 17,822,492	\$ -	\$ -	\$ 17,822,492
Obligations of U.S. Government sponsored enterprises	-	58,686,384	-	58,686,384
Corporate bonds	-	42,146,241	-	42,146,241
Asset-backed securities	-	3,367,156	-	3,367,156
Collateralized mortgage obligations	-	424,992	-	424,992
Commercial mortgage- backed securities	-	4,861,379	-	4,861,379
Municipal bonds	-	12,302,294	-	12,302,294
 Total fixed-maturity securities	 <u>\$ 17,822,492</u>	 <u>\$ 121,788,446</u>	 <u>\$ -</u>	 <u>\$ 139,610,938</u>

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2013 and 2012

Note C - Investments (Continued)

As of December 31, 2013 and 2012, all exchange traded funds are classified as level 1 within the fair value hierarchy.

Note D - Federal Income Taxes

CRL is a corporation formed to provide various types of insurance and reinsurance coverages solely to its members who are non-profit, risk-sharing pools of political subdivisions of states. CRL received approval to be tax exempt from federal income taxes pursuant to Section 115 of the Internal Revenue Service Code. Accordingly, no provision for federal income taxes is included in the accompanying financial statements. CRL does not believe it has taken any uncertain tax positions that would jeopardize its federal income tax exemption status.

Note E - Service Agreements and Related Party Transactions

Accounting and reporting services, records retention and other management services are provided by USA Risk Group of Vermont, Inc. The National Association of Counties - Financial Services Center provides advertising and marketing services. Marsh Inc. provides brokerage and risk management services. Alternative Services Concepts, LLC provides claims auditing and management services.

CRL employs an Executive Director whose responsibilities include supervising all contractors, vendors, and service providers engaged by CRL. The Executive Director also supervises all CRL employees who assist with underwriting, claims management and other administrative functions.

The Company sponsors a simplified employee pension individual retirement arrangement (SEP-IRA) for its employees. The Company does not offer any post employment benefits.

Note F - Property, Furniture and Equipment

CRL owns condominium office space in Clemmons, North Carolina. Property, furniture and equipment consisted of the following at December 31:

	2013	2012
Real estate	\$ 567,544	\$ 567,544
Furniture and equipment	59,737	59,737
Less: accumulated depreciation	(121,497)	(98,633)
Property, furniture and equipment, net	<u>\$ 505,784</u>	<u>\$ 528,648</u>

County Reinsurance, Limited

Notes to the Financial Statements (Continued)

Years ended December 31, 2013 and 2012

Note F - Property, Furniture and Equipment (Continued)

Depreciation expense of \$22,866 and \$23,663 for the years ended December 31, 2013 and 2012, respectively, is included in general and administrative expenses.

Note G - Loss Contingency

CRL is subject to various legal proceedings, claims, and liabilities which arise in the ordinary course of operations. In the opinion of the CRL's management, the ultimate resolution of these matters will not have a material adverse impact on the Company's financial position or results of operations.

Note H - Members' Contributions and Surplus

In accordance with laws of the State of Vermont, for the purpose of submitting its financial statements to the State for regulatory purposes, CRL is required to use GAAP with the exception of variances prescribed by Vermont laws and regulations or permitted by the Department. Pursuant to laws of the State of Vermont, CRL is required to maintain members' contributions and surplus of \$500,000. Members' contributions and surplus was \$32,018,214 and \$34,679,218 at December 31, 2013 and 2012, respectively.

CRL is owned by 24 and 23 members at December 31, 2013 and 2012, respectively. Each member pool made an initial contribution based on a percentage of its net reinsurance premium. Additional contributions may be required from member pools as determined by the Company. Additional contributions totaled \$313,203 and \$50,473 in 2013 and 2012, respectively.

Upon a withdrawal or termination of a member, the member may request repayment of the original contribution plus a portion of CRL's earnings accumulated during its membership. The repayment may be granted at the discretion of the Board of Directors with prior approval from the Department. Repayment, subject to approval, can be paid in either a lump sum or in installments up to a maximum period of five years.

Vermont law provides that no dividends may be paid to shareholders without prior approval of the Insurance Commissioner of the Department. There have been no dividends declared or paid in 2013 and 2012.

There are no differences, other than rounding, between members' contributions and surplus and net income as reported in the 2013 and 2012 Vermont Captive Insurance Company Annual Reports and the corresponding amounts reported in these financial statements.

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